

CURRENT HISTORY

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Germany in Transition

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IMPATIENCE has become a chief characteristic of our modern age. The younger generation especially seems unwilling to recognize that an enrichment of human life can come from contemplation or meditation and puts action and achievement in the centre of its conception of life. In politics such a philosophy leads logically to the condemnation of the slow processes of evolution that have been typical of the past era of liberalism, and calls for revolutionary methods which appeal to the present socialistic trend of mind. The consequences are felt in all countries, though with the differences that result from race, education and political temperament. In Germany the growth of radicalism in recent years shows how even a country once considered to be a nation of poets and thinkers has entered a phase of spiritual unrest with all the symptoms

of a period of political, social and economic change. Whoever undertakes an unbiased survey of the actual situation in Germany should keep this psychological background well in mind.

But the ultimate explanation of an overthrow like that which has occurred in Germany must consider more the general attitude of a part of the population. Like all revolutions, that which took place in Germany this Spring resulted from specific political conditions and economic developments which created discontent among the masses, tied the hands of the government and lent persuasive force to the arguments of those who wished to overthrow the existing régime. Three groups of problems have largely contributed to bring about the German crisis: (1) The consequences of the provisions of the Treaty of Versailles; (2) the consequences of the world-wide economic crisis; (3) the weaknesses of the Weimar Constitution and the government's lack of initiative in internal questions. All three

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problems are closely interrelated and should therefore not be examined separately.

No one who studies German history from the time the Weimar Constitution was adopted until the Nazi rise to power will deny that the Treaty of Versailles and its application by the victors are responsible for the growth of nationalism and radicalism in Germany since the war. The German people, who had confidently expected a peace based on President Wilson's fourteen points, were forced at Versailles to accept a document of 440 articles, most of which were devoid of economic or political common sense and unnecessarily humiliating to the vanquished. As early as 1920 John Maynard Keynes wrote: "The policy of reducing Germany to servitude for a generation, of degrading the lives of millions of human beings, and of depriving a whole nation of happiness should be abhorrent and detestable—abhorrent and detestable, even if it were possible, even if it enriched ourselves, even if it did not sow the decay of the whole civilized life of Europe."

The blunder of the Ruhr and its economic consequences were the first signals to remind the world of Mr. Keynes's warning. Gradually even those who had taken an active part in framing the peace treaties that concluded the World War admitted the advisability of replacing the policy of rigid enforcement by one of conciliation. Slowly, as an American writer said not long ago, the idea of treaty revision has been gaining ground in Europe as well as elsewhere. The Locarno agreements, the Dawes Plan and Young Plan, the Hoover moratorium of 1931 and the settlement of the reparation question at Lausanne are evidences of this development.

The steps toward reconciliation, however, were necessarily compro-

mises between generosity and egotism. The negotiations attending them were usually slow and often painful, weakening the salutary effect for which the agreements themselves were intended. The peoples of the allied nations reproached their governments for being too lenient, while Germans felt that their own had been too acquiescent. Unfortunately the growing willingness of the victors to repair some of the damage caused at Versailles was accompanied by the steady growth of the economic crisis.

The first tragic result of this coincidence was the failure of the Young Plan, which had been devised as the first decisive move toward the liquidation of reparations. To the nationalist opposition in Germany the price paid for the evacuation of the Rhineland appeared too high, and the conference at The Hague in August, 1929, turned out to be almost literally the death-blow for Gustav Stresemann. A second equally discouraging effect of this coincidence grew out of the chilly reception in certain quarters to President Hoover's proposal in the Summer of 1931 for a moratorium on the payment of intergovernmental debts. The accentuation of the economic crisis which occurred during Secretary Mellon's negotiations with the French Cabinet brought Germany near complete financial collapse and made the German masses more willing than ever to listen to those who advocated a nationalistic foreign policy. Meanwhile, the long series of unsuccessful meetings of the disarmament conferences were being watched in Germany with growing impatience and resentment. The German people could not regard this question merely in its technical aspects; they suffered mentally and morally from the feeling that they were being left without adequate protection or security in the

midst of a heavily armed continent.

Germany had joined the League of Nations out of a genuine desire for peace and had expected to be treated as an equal in the family of nations. If concessions had not been withheld—because of the fear of an increase in the strength of Germany's nationalistic forces—the cause of world peace and of the internal peace of Germany would have been furthered. Disappointment in Germany over disarmament made counsels of caution and prudence more and more unpopular until they were branded as weak-kneed concessions to Western democracy. Dr. Bruening's government made a gallant effort to convince the world of the seriousness of the German internal situation; he pointed out to his foreign colleagues that the German people were growing restless, not from any desire for revenge but from a feeling of exasperation and oppression. When the victorious nations did act, it was too late, and Dr. Bruening was swept out of office by the pressure of impatient nationalistic elements before the Lausanne conference could meet to settle the question of reparations. Dr. Bruening's fall was the turning of the tide.

These lines are written neither to accuse nor to defend, but to explain. Mistakes have certainly been made on all sides during the last fourteen years of international diplomacy. But only the existence of counter-weights in the field of internal politics or of economics could have prevented a nationalistic reaction in Germany so long as a treaty embodying such obvious injustices as the Treaty of Versailles remained unaltered.

Unfortunately economic conditions were so bad that they served only to make the German electorate more radical. Yet, despite the consequences of war, reparations and inflation, Ger-

many's economic conditions were bearable for the mass of the population because foreign loans financed local public works and industrial activities, thereby providing employment. But when the international flow of capital was halted after 1929 and Germany's economic life had to continue without this regular blood transfusion, the figures of unemployment and of business failures steadily rose. In a highly industrialized nation 7,000,000 unemployed and their families do not add to the conservatism of the population.

The growing radicalism was further stimulated by the increasing antagonism between the organizations of labor and the directors of industry. The former, having never quite enjoyed the privileges which the Constitution of 1919 seemed to have secured for them, were hard hit and embittered by the policy of lower wages and higher taxes; the latter attacked socialism and the existing political system for interfering with the management of business and for making impossible the accumulation of new capital. Moreover, the middle classes began to blame everything on the existing order. They deserted their old parties and joined the ranks of those which promised a new Reich where the old glory of national traditions would be revived with a new prosperity for all. No longer did the socialistic aspect of the promised land frighten a people who had lost faith in the infallibility of capitalism.

Although the German people have the reputation of being orderly and even-tempered, their history shows how often they have shifted from an almost romantic belief in international citizenship to stubborn nationalism. When, therefore, the progress of the economic crisis seemed to have definitely undermined all feeling of international solidarity, a sudden reac-

tion occurred and almost overnight drove a great part of the bourgeoisie into the arms of radicalism and nationalism. If the revolution of 1918 resulted from the defeat and collapse of imperial Germany, the upheaval of 1933 was due in large part to the consequences of despair and impatience.

While the external and economic problems were responsible for that peculiar mental depression which had descended upon the German people, further social unrest sprang from the growing inability of successive governments to cope with the German internal situation. Imagine something like a permanent lame-duck session and you will come closest to picturing the deadlock which occurred in the functioning of the German constitutional machinery during recent years. The shirking of responsibility by political parties and the incapacity of the executive to enact drastic measures were symptoms of such a situation.

What caused this deadlock in Germany? Why did it have such violent repercussions? A short analysis of the constitutional history since 1918 will answer the question.

The situation in which Germany finds herself today resembles strikingly that between November, 1918, and August, 1919, though there is a difference in that, after a painful period of transition, the revolutionary changes of 1918 were legalized by the adoption of the Weimar Constitution, whereas the revolutionary measures of 1933 received the sanction of the people in advance through the enabling act of March 24, which conferred dictatorial powers upon the Hitler government. Fundamentally, however, in neither instance have constitutional questions been settled.

In the Autumn of 1918 Germany's outstanding problem was whether the

Soviet system, as represented by the councils of workers and soldiers, would prevail. Led by Friedrich Ebert, the conservative elements among the Socialists fought these radical ideas and stood for the democratic principle. But to win against extremism, Ebert had to appeal to other parties for help; compromises had to be arranged with the non-Socialists, and as a consequence the revolution proper was brought to a standstill before it was completed. In the fundamental structure of the Constitution these compromises meant concessions to the forces of particularism.

The Weimar Constitution sanctioned an extension of the supremacy of the Federal Government over the member States, but left unsolved the question of territorial reorganization and the vexed problem of the relationship between Prussia and the Reich. Through Article 18 the way to later correctives of this weakness remained open, but courage was lacking to fulfill the aspirations of 1848 and replace the old Prussian domination by a strongly centralized German State. If it is recalled that the Constitution had to be drafted under the pressure of the negotiations at Versailles and in the face of the Communist danger, the hesitation of the German leaders to launch radical attacks upon the structure of the Reich may be understandable. Nevertheless, it was a tragic historical and psychological error. In the end the local bureaucracy, supported by the monarchists, won the battle against the democrats and Socialists who were fighting for political liberty and closer national union.

The National Socialists of 1933 have learned from the mistakes of 1918. They have decided to complete their revolution and to use the enthusiasm of their followers to admin-

ister the deathblow to particularism. Through the law creating the office of Governor they have deliberately done away with whatever sovereignty is left to the States by the Weimar Constitution. Whilst the Constitution had provided only for the nomination of Reich Commissioners in the States in case of emergency, the new law establishes them as a permanent institution. From now on the Chancellor is also Governor of Prussia and proposes to the President the names of sixteen Governors for the other States. Presumably other measures are to follow for the redistribution of the territories of the States. A Nazi jurist has proudly called the law of April 7 concerning the Governors "the provisional Constitution of the German Revolution," and his boast is not without reason. The liberal and democratic elements in Germany who reject the cultural and racial theories of the Nazis cannot and will not refuse to welcome the advent of a more rationally organized administration of the nation as a fulfillment of their own wishes.

"Synchronization" has become the slogan in Germany. In accordance with this rule all local Diets have been dissolved by virtue of the law of March 31 and reorganized on the basis of the results of the Reichstag election. This law constitutes an important change in the Constitution. It establishes the principle that all general and local elections must take place at the same time, just as the dissolution of the Reichstag automatically means the dissolution of the State Diets. As these bodies will be deprived of the privilege of passing votes of censure upon the local governments, the parliamentary system in the seventeen German States seems doomed. Strange as it may appear, this provision, too, is not meeting with the disapproval of

the democratic elements in Germany that have always striven for a centralized republic with local administrations of limited powers. Apparently the prevailing idea in governmental circles is to transform the States into self-governing provinces of the Reich. It will be interesting to see if the plan to split up Prussia, which was advocated by the reformers of 1919, will again be proposed.

These weaknesses inherent in the Weimar Constitution could have been overcome in the course of time. Certainly the framework of the Constitution was elastic enough to permit of readjustments. But the hope for such an evolution could be based only on energetic leadership, and in this the German people were disappointed both by the political parties and by the governments. The disorganization and demoralization of party life was accentuated by the unpractical system of general and local elections based upon the principle of proportional representation. This constitutional provision facilitated the formation of small groups without broad political programs so that only by coalitions of several parties could a government obtain a majority. As in France, the aims of the several parties represented in the Cabinet handicapped the action of the government and prevented any constructive internal policy. Particularly during the last five years, the German parliamentary system was thus increasingly weakened.

The leaders of the larger parties must share the blame with those of the minor groups. Hardly ever was an effort made to line up a group of parties before an election in order to give voters a direct influence on the policies of the future government. Instead, a coalition would be formed only after the election. In that way the ultimate decision on what the vote

meant was left entirely to the party boss.

The President likewise must bear an equal share of the blame for the breakdown of parliamentary government in Germany. In the first days of the republic, the formation of a government was comparatively simple since there was a large republican majority. This led unconsciously to a misinterpretation of the Constitution in the sense that the Chief Executive left the formation of the Cabinet to the party leaders who regularly selected their Ministers on the basis of the proportional system.

Gustav Stresemann was one of the first to point out that this practice was destroying the possibility of political leadership and was not in keeping with the spirit of the Constitution. Indeed, the makers of the Constitution had purposely given the President the right of appointing the Chancellor and to the latter the right of choosing the members of his Cabinet. The intention was to secure democratic control by a Parliament vested with the right of censure instead of establishing actual parliamentary government. It was realized that unless the number of parties could be limited, it would be difficult for the parliamentary system to work satisfactorily. The Weimar Constitution had thus for good reasons been framed so as to avoid copying Western European democracy and had provided for the functions of the Executive somewhat on the lines of the American model.

The parliamentary deadlocks resulting from this misinterpretation of the Constitution and the lack of intelligent leadership by the various parties made the German people weary of parliamentarism and ready to blame the system itself for the mistakes of the leaders. Consequently, the desire

in many circles for constitutional reform resolved itself into more than advocacy of a readjustment of the relationship between the Reich and the States. The whole parliamentary system came under fire. Nor did the way in which the von Papen-von Schleicher government handled the situation contribute to a rehabilitation of parliamentarism. When the Nazis made revision of these conditions a part of their platform they had powerful arguments in their favor.

Any attempt to explain the reasons which led to the victory of the followers of Adolf Hitler would be incomplete without pointing out the lack of initiative and foresight shown by the republican parties in organizing the economic life of the nation. Theoretically the Weimar Constitution had established a new social order based on a synthesis of individualism and collectivism, of capital and labor. An entire chapter of the Constitution was devoted to the economic life of the community. It was meant to be much more than a mere enunciation of fundamental principles; it was expected to provide the machinery for discussing and preparing economic legislation through co-operation of employers and employees. Although the pertinent Article 165 of the Constitution has rightly been called a remnant of the Soviet system of 1918, its philosophy nevertheless had been approved by those who wanted vocational interests protected independently of the political parliament.

This chapter of the Constitution, especially in regard to the article mentioned, has remained almost completely a dead letter. The National Economic Council, which had been designed as the chief advisory body of the government in economic legislation, remained for more than ten

years only provisionally organized. The district councils, which should have formed the substructure to the National Council, were only partly formed. In that way the whole meaning of the project was falsified. It could neither develop into a real branch of the Legislature nor act as an adequate forum for discussion in case of social conflict.

It may be that the political crisis in Germany was unavoidable for reasons over which the people had no control. Yet it seems that evolution might have taken the place of revolution if the political and economic leaders of Germany had realized earlier that the age of *laissez-faire* is definitely over. An English writer has said that "there is an antagonism between the interests of labor and capital, and at the same time a community arising from the interest of both in the work of production." Opinions may differ as to the ways and means of bringing this community of interests into effect, but it is without a shadow of doubt the problem of today and tomorrow. The Weimar Republic made a good start with the right impulses in the field of political as well as of social reform, but it lacked the courage and perhaps never had the opportunity to complete the changes it had begun.

The forces which govern Germany today have been given almost unlimited legislative powers. It seems impossible to predict what kind of further constitutional change may take place. Sooner or later the day will come when the revolutionary emo-

tions will become calmer and a new and definite legal basis for the life of the nation will be found. In his speech before the Reichstag on March 23 Chancellor Hitler declared that the aim of constitutional reform should be to create an instrument of government uniting the will of the people with the authority of genuine leadership. Furthermore, he has promised that the revised Constitution will be submitted to the people for their approval. Incidentally, too, it is important to note that the Nazis have given no encouragement to the desire for a restoration of the monarchy.

Only future historians will be able to pass judgment on the events which twice within twenty years have so radically changed the political appearance of Germany. Generally a revolution obscures the view of the contemporary observer because certain specific aspects in a nation's life are accentuated. When normal conditions return it is usually discovered that the revolution has left its mark, and sometimes very deeply, but that it has not altogether changed the fundamental character and national aspirations of a people. In Germany's national career the years 1848, 1871, 1918 and 1933 symbolize the constant struggle between the spirit of St. Paul's Cathedral and the traditions of Potsdam. The battlefield has been just as much the political arena as the soul of the German people. Only when a synthesis can be found between these two opposing currents in Germany's internal life will the struggle end.

The American Road to Fascism

By E. FRANCIS BROWN

[There has recently been much discussion of the question whether a tendency exists in America toward fascism. One of several possible answers is given in the following article by the associate editor of CURRENT HISTORY who for the past two years has been recording events in the United States in the "Month's World History" section of the magazine.]

SOMETHING is happening to America. Four years ago the United States, devoted to a philosophy of unrestrained economic individualism, led the capitalist nations of the world. Today, though its leadership remains, its capitalism has been, is being, greatly altered. Amid the economic and social confusion of the hour, only one thing stands out clearly: the capitalism of yesterday lies behind. Ahead we cannot see, but signs there are which bear out the contention of the Italian newspaper, the *Giornale d'Italia*, that America is "on the road to fascism."

Since the march of Mussolini's Black Shirts on Rome more than a decade ago, the world has become familiar with the outlines of fascism and with the Fascist State; it has seen an imitation of the new Italy arise in Germany, and it has found Fascist ideas permeating the thinking of still other countries. Briefly, fascism is a movement of the middle class in those countries where the events of the post-war years have left it poor in pocket as well as in spirit. With its old social and economic position destroyed, or at least threatened, the middle class has risen in revolt. In Italy and Germany, the two most obvious Fascist States, there has been

an actual political overturn staged by a middle-class party which has assumed dictatorial control. Old forms of democratic government have been swept away; civil liberties have been suppressed; dissident minorities which might menace the dictatorship have been put down, and the new rulers have filled government posts with their own supporters. Moreover, both in Italy and Germany the Fascist revolution has been accompanied by a truculent, militaristic mood and has won support by playing upon patriotic disappointment over the outcome of the war.

But dictatorship is not the essential element in fascism. If it were, it is difficult to see how the middle class could expect to gain anything from such a régime. There have been many dictatorships in history, but only within the past ten years have any of them been Fascist. The fundamental, distinguishing factor in fascism is its economic program, which aims at rehabilitating the middle class.

Awakened by its painful experiences since the World War to the evils of unrestrained competition and uncontrolled production which seems to be characteristic of the capitalistic system, the middle class has sought to escape its troubles through economic planning within a self-sufficing State. But it is not to be planning outside the framework of capitalism; rather is it to be within the old system, since property rights, to a large extent, and profits are to be retained. Working through government agencies, produc-

tion and consumption are to be coordinated in an attempt to improve the lot of the individual and to raise the standard of living. Since coordination presupposes a complete economic unit, the Fascist State rests upon economic nationalism. And because enlightened self-interest points to the desirability of assuring the worker adequate wages and steady employment, the working class will benefit along with the middle class in a Fascist State. In short, fascism seeks to eliminate economic and social waste, to save the best in capitalism and to discard the worst.

Such is fascism in Italy, where it has reached its highest development, though even there only a start has been made to carry out its program. Such appears to be the fundamental purpose of the National Socialist movement in Germany. And in Ireland, also, examination will disclose that President de Valera's plans contain much that rests upon the same philosophy.

But what of the situation in the United States? If the plight of individuals is forgotten and the whole scene surveyed, it will be discovered that, just as in Italy and Germany, the middle class has been bruised and battered. Before 1929, that class, with its business and professional men, technicians, skilled workers and farmers, had set the tone of the whole country—it was America. For generations its members had been building a great nation, a nation whose future appeared to be assured. Gradually they had raised the standard of living until—despite the deplorable conditions which many workers were forced to accept—they believed that poverty might actually be abolished. Theirs was a spirit of hope, of belief in human progress onward and upward

forever. Nursed on the doctrine of individualism, Americans turned away from anything that smacked of collectivism or socialism. Not being a contemplative people, they disliked social criticism; dissent was seldom tolerated. Instead, they rested in the assurance that their country was the best in the world, its people the richest and its government the most liberal.

Suddenly the dream faded; the "years of the locust" were at hand. Security of livelihood, which had meant adequate income during the working years and a comfortable income in old age, had always been denied to hosts of Americans, but it had been a goal which all hoped to attain and which many did. The stock market crash in 1929 and the deepening of the depression that followed, definitely destroyed any likelihood that security would ever be realized. When that fact sank into the mind of America's middle class, it suffered the first of many disillusionments.

Since then the story, though filled with light and shadow, has been disheartening and tragic. Countless men and women to whom life held out great promise have become human derelicts. Farmers have seen their properties swept away by tax sales or mortgage foreclosures. Banks have closed; industries have failed; merchants have shut their doors. Some people have not been noticeably affected; they have been among the fortunates who retained steady work while millions of others have found their only occupation in standing in bread lines. College graduates who had been led to expect that they would inherit the earth found that the world had no need for them, that they were indeed of the lost generation.

The middle class was not alone in

its suffering. There were the workers, too, but they, ever but one step ahead of poverty, were not confronted with the painful readjustment to a new way of life which few middle-class families have escaped. From executives with high salaries to poorly paid bookkeepers, the experience has been much the same. Homes have been lost by mortgage foreclosures as wages have fallen or disappeared; dividends have ceased to be paid and securities have become worthless. The old club life has sickened—in many instances has died; patronage of the arts has waned; private schools and Summer camps have been foregone. Automobiles, vacations, old forms of entertainment have been given up, while many who once maintained a lavish scale of living have considered themselves lucky to have food for the morrow.

Even those hundreds of thousands of Americans who have experienced none of these tribulations have been obliged to witness, oftentimes to share in, the sorry plight of their friends and relatives. They have become conscious of the mounting unemployment as they watched the shuffling breadlines or, when a panhandler approached, passed by on the other side. Thus to all came a feeling that something was wrong, a consciousness which quickly became a conviction that much more than a mere turn of the wheel of chance was responsible for the far-flung human tragedy.

It was bad enough that, in the midst of the well-advertised new era, the economic system could tumble and crash; it was even worse when the popular idols of the new era were smashed. The affair of Kreuger & Toll, dragging down with it an old and esteemed American investment house, came late in the course of the depres-

sion, but it only added to the feeling of despair that had arisen from the closing of banks up and down the land, not the least being the stupendous failure of the Bank of United States in New York City. Even when the management of that bank had been exposed as dishonest, the public did not lose confidence in the bankers as a group; such final disillusionment was reserved for the beginning of 1933, after the Senate banking inquiry had got under way. Meanwhile the collapse of the Insull utility empire had ruined thousands of investors and besmirched many men who in the public mind had previously typified the best in American business. And thus the prophets of the new era were proved to be false.

But to be the source of greatest disillusionment of all was reserved for the unlucky man who happened to be President of the United States in the years immediately following 1929. The administration of Herbert Hoover opened with high hopes; it closed in one of the blackest hours of the Republic. Hailed as a man who would abolish poverty, he surrounded himself with the representatives of plutocracy and, because he adhered to the old philosophy of rugged individualism, showed himself incapable of directing the economic forces which eventually ruined him and his country. When one after another of the administration's widely heralded moves left the country only deeper in the economic slough, the people of America turned away from Mr. Hoover and the discredited business men upon whom he had leaned for support.

The Hoover administration, fumbling, making false steps, was meanwhile engaged in a running fight with Congress. Its purposelessness gave big business and finance an opportu-

nity to instil in many minds the belief that in a time of crisis democratic government was impotent. Strident editorials in newspapers and magazine articles assailed the dilly-dallying of Congress, urged the desirability of its adjournment and talked furtively about the virtues of dictatorship. And at the same time, in the dramatic satire, *Of Thee I Sing*, the American political system was ridiculed before a public that had delighted in the racy exposure of the foibles and meanness of official Washington presented by that best-seller, *Washington Merry-Go-Round*. There were not many illusions left.

To the general unrest and breakdown of morale induced by bitter personal experience and observation must be added the intellectual stirrings that after 1929 affected the thinking portion of the middle class, an element in the population whose importance cannot be exaggerated, for in the long run it sets the tempo of the national life. The first of these mental shocks, and perhaps the greatest, came from abroad—from Soviet Russia.

With few exceptions Americans, during the first decade that followed the Russian revolution, believed that the Communist experiment was doomed to fail; paradoxically enough, they also expressed a fear that communism would undermine the foundations of the American system which then appeared to be running smoothly. Occasionally dissident voices were raised in favor of recognizing the government of the new Russia; now and then business leaders suggested that in the Soviet Union lay a potential market of great profit for American producers; but by and large the people of the United States would have nothing to do with the Russian Communists or any of their works.

Before 1930, publicists, speaking and writing for an American audience, had reflected this hostility to the Russian experiment. The United States, therefore, knew in only the most meagre fashion of the momentous developments within the great area beyond the Polish and Rumanian frontiers. Then, with the first crack in the legendary prosperity of America, a new note crept into the speeches and articles of men and women who professed knowledge of the Soviet Union. Not only were Communist ideas set forth clearly and dispassionately, but the accomplishments of the Soviet leaders were described in detail. Ostensibly the former hostility and distrust in regard to everything that pertained to the Soviets survived, but the American public avidly seized upon every scrap of information available about the régime that had succeeded to the autocracy of the Czars. A new tolerance became apparent. Otherwise there would have been no market for the books which were rushed from the presses about all phases of the social and economic order shaping itself under Stalin's dictatorship. Innumerable magazine articles contributed further information about the Soviet Union, and notwithstanding continued scares about Communist propaganda, Americans traveling abroad added the Soviet Union to their itineraries.

Of course, the exact effect of this new knowledge cannot be determined; yet it was surely not without result. The revelation that a social system wholly the opposite of capitalism apparently could be devised and made to work was startlingly disturbing at the moment when capitalist nations in all parts of the world were apparently breaking down. Thus, out of Soviet Russia came a challenge that

increased the mental ferment which was arising from the social and economic tragedy at home. And yet, Americans remained loyal to capitalism, even if certain leaders, men of the market place, as well as closet philosophers, awoke to the possibility of stealing some of the best ideas in the Communist experiment with the thought that grafting them on the old capitalism might bring about a rejuvenation. The economic planning of the Russians, in particular, made a strong appeal.

Then, on the heels of this interest in Russia, came analyses from economists and sociologists of the causes of the economic débâcle and suggestions for recovery. Now for the first time a nation steeped in ignorance of economics was introduced to the dismal science; Americans began to discuss production and distribution and consumption like veterans in the Department of Commerce; they learned what was meant by economic planning, both as a theory and as it was being put into practice in the Soviet Union.

It may have been that interest in the Communist society had been based upon the attraction of the new and exotic and that men did not see how Communist ideas could be applied in America. Economic planning, however, was different. Some industrial and financial leaders recalled the achievements of the War Industries Board which for a few months in 1918 had given America a lesson in economic planning. Possibly the influence of the War Industries Board on the thinking of business leaders was greater than we had been aware; certainly its memory had been kept green in the decade after the war, and some of its ideas had been translated into action during the years of peace.

For a few brief months in 1931 and

1932 economic planning was expounded in the widely circulated writings of Charles A. Beard and Stuart Chase and was made respectable by the public utterances of men like Gerard Swope and Owen D. Young of the General Electric Company, as well as by many other public figures who could in no sense be regarded as radicals. In counting house as well as academic hall, the possibility of a controlled industrial society became a subject for discussion, and men with long heads, though uncertain about the method of application, conceived of a planned economy as a way to save capitalism while apparently losing it. But the pressure of the Presidential campaign shifted the public's interest, and talk about economic planning died away. Nevertheless, there can be no question that the publicity given to the Russian Five-Year Plan and the vogue of schemes for American economic planning had left their mark upon the minds of men in high places.

Another tempest occurred in the intellectual teapot during the past Winter when the cult of technocracy came into vogue. Its full life was a matter of weeks only; many of its ideas were disproved or discredited, but, like so many other criticisms of the social order which the country had long known and accepted, technocracy bequeathed a legacy of further uncertainty that our present system had long to live.

Even before technocracy was presented to the public, the American middle class, disillusioned and desperate, had carried out a political revolution. Surprising as it may seem, the American middle class, despite its personal woes, its loss of a sense of security and the breakdown of confidence in the existing political and economic order, did not turn to radical-

ism. Their interest in socialism and communism never exceeded the parlor-pink enthusiasms which had long been characteristic of the intellectuals. Norman Thomas carried a mild variety of socialism to the country during the Presidential campaign of 1932; he drew large, sympathetic audiences, and, while he may have stirred his hearers to thinking along new lines, they did not vote for him on election day. At the same time, the Communists got nowhere, neither as a political movement nor as sappers of American capitalism. When the American middle class was ready for its revolution, it acted along traditional lines, marching to the ballot box and rejecting with little qualification both Herbert Hoover and his party.

Mr. Roosevelt, capitalizing the discontent of the nation, had appealed to the country in a campaign that had featured a mysterious something called the new deal. The mass of voters had little understanding of what constituted the new deal; they wanted only a change—a change for the better, of course—but revolutionary movements are seldom specific. People did not understand where Mr. Roosevelt stood during his campaign, nor do they comprehend where he is leading them today. They only know that he strikes their imagination, that he is the kind of leader they like, for he seems to have their interest at heart, and, above all, they delight in his policy of bold, forthright action.

To say that the Roosevelt program, with its overwhelmingly popular approval, is Fascist may seem far-fetched. Certainly there is no dictatorship on the Italian or German model. The President, while asking for tremendous grants of power, has been granted them by Congress within the framework of the Constitution. Presumably Congress could alter or with-

draw any of these powers whenever it might see fit. The administration has not followed the customary Fascist policy of suppressing labor unions and dissident minorities—though in America such groups are either so weak that they can be ignored or they are so thoroughly middle class that they support the government anyhow. Nor have civil liberties been encroached upon. Possibly there has been no need to curb democratic liberties; possibly enlightenment has discovered that suppression is far more dangerous than freedom. And, finally, America manifests none of the chauvinism and militarism associated with Mussolini and Hitler, largely because any movement must reflect the folkways of a people, and such phenomena do not arise from the American mores.

But, as was said earlier, the essential element of fascism is its economic program, which seeks to insure for the middle class their old security through an adaptation of the fundamentals of capitalism, but under governmental control, to a new social and economic system that will benefit the nation as a whole rather than a few individuals. That is the program of the Roosevelt administration.

From the President, from his advisers and from the members of his Cabinet have come many expressions of this new philosophy, but nowhere has it been more definitely set forth than in Mr. Roosevelt's address to the nation on May 7, when he called for "a partnership between government and industry and a partnership between government and transportation; not partnership in profits, because the profits would still go to the citizens, but rather partnership in planning and partnership to see that the plans are carried out." And in the series of laws enacted by an acquies-

cent Congress that partnership is being created.

In the brief period since March 4 the administration, through the Emergency Banking Act, the Farm Relief Law, the Securities Control Law and especially by the pending Industrial Recovery bill, has obtained control over almost all departments of the nation's economic life—agriculture, industry and finance. It can regulate production and distribution, determine hours of labor, and, within certain limits, fix wages. Moreover, through the Muscle Shoals Law, the government proposes to carry out a great scheme of both social and economic planning the like of which has never been seen in the United States. A decade ago, even four years ago, such measures would have been unthinkable; today they have become almost commonplace and have the support of millions of citizens in all walks of life and on every level of material welfare. A great middle-class nation, disillusioned, embittered, has turned away from its tradition of individualism and *laissez-faire* capitalism.

Regardless of the concentration of power in the Chief Executive, the United States has no dictatorship. Possibly dictatorship accompanies fascism only in those countries where the democratic tradition has been weak and where experience with parliamentary institutions has been limited. In America, a nation grounded in more than a century and a half of self-government, all that is needed is the endowment of the President with powers adequate for the carrying out of the economic program. Such a delegation by Congress is in line with American constitutional evolution.

While the numerous commissions and departments which direct the economic planning of a Fascist State must not be subjected to constant interference by a Parliament or Congress, there is no reason why a Legislature may not revoke or alter the statutes by which these executive bodies have been created. And the President, no matter how great his powers, will not be a Mussolini so long as he must periodically permit the country to vote for or against his continuance in office, so long as he must ask a popularly elected Legislature for his grants of power.

Thus we see within the democratic State a new social and economic order being worked out. Raymond Moley, Assistant Secretary of State and close adviser of the President, has said that the administration is working for "an architecturally more harmonious national life," that it desires to "super-vise the ebb and flow of economic affairs more closely" in order to "assure every American citizen * * * that his general interest is not sacrificed to special interests." Such an ideal may appeal to the country as a way for saving the best in capitalism while avoiding the radical panaceas of socialism or communism. The people of the United States are not anxious to stray far from the old paths, though after all that has happened they are prepared to straighten those paths where necessary. The straightening has begun; it may be a slow, halting process, but the new America will not be capitalist in the old sense, nor will it be Socialist. If at the moment the trend is toward fascism, it is an American fascism embodying the experience, the traditions and the hopes of a great middle-class nation.

Anglo-American Economic Issues

By SHEPARD STONE

[Dr. Stone, since his return from Europe, where he was engaged in investigating international problems, has been in Washington studying various aspects of American foreign policy.]

ON the eve of the sailing of the American delegation to the World Economic Conference in London the outstanding issues of which a settlement was to be sought had begun to be more clearly defined. Among the first difficulties to be overcome were those created by the differing policies and aims of the United States and Great Britain, especially in regard to currencies, tariffs and war debts, even though the last-named had been kept off the agenda paper. The series of exciting events in the early Spring tended to conceal from the American public the seriousness of the division between the two countries, but toward the end of May, no matter what other international discord there might be, there was little doubt as to the necessity of Anglo-American harmony if the conference were not to fail.

Optimism is a customary product of Mr. MacDonald's journeys, and this was particularly the case with his Washington visit. But it began to be somewhat dissipated, especially among Americans and Englishmen who were aware of the formidable obstacles to substantial economic and financial agreements, as they began to subject the possible results of the conference to more detached and realistic consideration. It became increasingly evident that in the world's commercial life many blood transfusions would be necessary, but that no nation would be willing to furnish the blood.

It is not merely an academic question to ask if Mr. MacDonald was the proper British representative to visit President Roosevelt in April. Although the British Prime Minister's popularity in the United States was beyond all doubt, it was more important to discuss economic conditions and methods with a man of greater authority among his colleagues and in his own country. Mr. Baldwin, though not Prime Minister, is the virtual leader of the present British Cabinet, and while Mr. MacDonald was talking about the necessity of international understanding and tranquillity, Mr. Baldwin was concluding bilateral trade agreements with Denmark, Germany and Argentina. No one can question the sincerity of Mr. MacDonald's efforts; but how much were they likely to contribute to the solution of intricate economic problems? In the House of Lords on May 24 an attack was made on Mr. MacDonald by his former colleague, Viscount Snowden, who suggested that the Cabinet "look into the case of the Prime Minister * * * in the interests of the country, for it is a positive danger to the country that its affairs should be in the hands of a man who, every time he speaks, exposes his ignorance and incapacity." Although we need not inquire here what inspired such an outburst of rancor, there can be little doubt that most of the members of the British Parliament, though deprecating the tone of the speech, agreed with it in substance. If any concrete agreements were to be reached in London, the world and America wanted to know

whether Mr. MacDonald was speaking for himself only or for the British Government, whose delegation at the conference was later selected to carry out the dominating purposes of the Conservative party.

In the weeks before the opening of the conference, a situation no less ambiguous was revealed in the United States. In Washington it was impossible to discover a clear outline of the policy which the Roosevelt administration intended to pursue. It is possible that there was no policy but only nebulous ideas. Between Secretary of State Cordell Hull and Assistant Secretary of State Raymond Moley there was a pronounced difference of opinion over the methods by which prosperity is to be restored.

Mr. Moley's emphasis upon the priority of domestic economy conflicted with Mr. Hull's thesis that tariff restrictions must be eliminated and other impediments to trade removed before any economic improvement could be expected. Speaking before the American Society of International Law on April 29, 1933, Secretary Hull said: "It follows beyond question that business recovery must be preceded by the restoration of international finance and commerce, the alternative to which is a continuance of the unsound economic policies under the operation of which the entire world since 1929 has been in the throes of an unspeakable depression."

Three weeks later, on May 20, Mr. Moley, the chief of the "Brain Trust," sang to an entirely different tune: "It is overwhelmingly clear that a good part of the ills of each country is domestic. The action of an international conference which attempted to bring about cures for these difficulties solely by concerted international measures would necessarily end in failure. In large part the cures for our

difficulties lie within ourselves. Each nation must set its own house in order. * * * There are relatively few remedies which might be called international remedies. * * * The people of the United States * * * must recognize that world trade is, after all, only a small percentage of the entire trade of the United States. This means that our domestic policy is of paramount importance. * * * Common sense dictates that we build the basis of our prosperity here."

It was not without significance that Professor Moley spoke only two days after Mr. MacDonald had announced in the House of Commons the list of the British delegates to the economic conference. Nominally, the Prime Minister himself was to head the delegation, but since, as he explained, he was president of the conference, he would be unable to attend the regular meetings of the British representatives. Neville Chamberlain, the Chancellor of the Exchequer, was to assume leadership. Other members of the British delegation were to be Viscount Hailsham, Sir John Simon, J. H. Thomas, Sir Philip Cunliffe-Lister, Walter Runciman and Major Walter Elliot. On the whole, these men were practical politicians who entertained no illusions as to the successful possibilities of the parley. Pro-tariff beliefs and legal shrewdness characterized their opinions. They comprised, for the most part, an ultra-conservative group which believed in developing, with the use of effective tariff barriers, a closer union of Great Britain and her empire. Secretary Hull, James M. Cox, Senator Pittman, Senator Couzens, Representative McReynolds and Ralph W. Morrison, the chief American delegates to the conference, were men of an entirely different temperament and intellectual equipment. Aside from Sec-

retary Hull, not one of these men possessed either the experience or the definite economic opinions of the men who would endeavor to promote British interests.

Mr. Moley's radio address not only appeared to be the antithesis to Secretary Hull's views, but also out of line with President Roosevelt's own statements. In the communiqué issued at the end of the Roosevelt-Jung discussions on May 6, it was stated that the World Economic Conference must succeed quickly and that "the task is so complex and difficult that unless it is approached by all nations with the fullest and sincerest desire to arrive at a result, the conference cannot succeed." The next day, addressing the American people, Mr. Roosevelt reiterated his belief that "the domestic situation is inevitably and deeply tied in with the conditions in all the other nations of the world." He emphasized four objectives of the World Economic and Disarmament Conferences—reduction of armaments to relieve tax burdens, "a cutting down of the trade barriers in order to restart the flow of exchange of crops and goods between nations," stabilized currencies so that trade could make contracts ahead and the establishment of friendlier relations between the nations.

Again, in his message to the peoples of the world on May 16, President Roosevelt repeated this trend of thought by insisting that "the conference must establish order in place of the present chaos by a stabilization of currencies, by freeing the flow of world trade and by international action to raise price levels. It must, in short, supplement individual domestic programs for economic recovery, by wise and considered international action."

Whose voice, then, would sound

loudest at the conference—Mr. Roosevelt's, Mr. Hull's or Mr. Moley's? For the success of the World Conference it would be vital that, just as the British delegates should speak with authority, the United States members should represent a unified opinion and not a conglomeration of miscellaneous attitudes and ambitions.

Assuming that the American and British delegations would be consistent within themselves, how could the aims outlined by President Roosevelt be attained? The situation as between the United States and Great Britain would be complicated by the representatives of more than sixty nations, each propounding and defending its own policy. Despite all the talk of sacrifice and compromise, unless a radical change took place without delay in the national psychologies, individual national advantage would be necessarily the objective of each delegation. But even if the ambitions of the lesser commercial nations could be disregarded, which they could not, the differences between the United States and Great Britain hung like a low cloud over the prospects of the conference.

Great Britain has consistently urged that the stabilization of the pound and the formulation of international policies concerning complex questions of exchanges, tariffs and commercial relations were impossible until the intergovernmental war debt tangle is unraveled. In British opinion currencies could not be stable if they remained at the mercy of large transfer payments necessitated by the war debts.

During April and May, when the economic and political peace pipe was being smoked in public by the representatives of several nations, an unheralded meeting took place in Washington that may have been more vital

to the success of the conference than all public pronouncements. Sir Frederick Leith-Ross, chief economic adviser of the British Government, who plays an important part in the formulation of British financial policy, paid a visit to the White House and attempted to negotiate a final settlement of the British war debt with the Roosevelt administration. His mission was unsuccessful, because Congress had shown no sign of abandoning its intransigent attitude on the question. Not until the end of May had President Roosevelt, who so far was being granted everything he asked of Congress, apparently considered it advisable to seek authority to negotiate a settlement of the debts or obtain power to concede a moratorium on the payments due on June 15. There were indications, however, that he recognized the importance of a partial settlement at least and that he would take some step before June 15 to relieve the pressure on the debtor nations. Whatever might happen, it seemed that the atmosphere of the conference, which was to open on June 12, would become less harmonious. If the British paid, they would adopt a stiffer attitude; if they defaulted, it would have disagreeable repercussions in the United States.

Officially the question of the inter-governmental debts was not to be discussed at the conference. On May 9, however, Mr. MacDonald, in informing the House of Commons about his Washington visit, stated that "the debt negotiations will have to go on concurrently and on parallel lines. It is to be dealt with by another body of men." And circles close to the administration in Washington were convinced that the conference could not be fully successful without a satisfactory and final settlement of the question of intergovernmental debts.

Right from the start, therefore, it seemed that the deliberations of the conference were to be threatened by the uncertainties of this problem.

The currency problem was another disturbing element. In Washington the financial experts of the United States and Great Britain agreed that the dollar and the pound ought to be stabilized simultaneously. But they could not remotely agree on the ratio to be established between the two monetary units. Neither the United States nor Great Britain appeared to be anxious to stabilize since they each regarded a fluctuating currency as a powerful bargaining weapon. The Roosevelt administration was disinclined to stabilize the dollar since it feared that such action might check the price-raising features of its domestic program. On the contrary, it gave evidence of a tendency to await developments in the American business situation during the Summer. When the question of stabilization should become acute, it seemed probable that the United States would prefer a proportional relationship as near as possible to the old ratio which existed before Great Britain abandoned the gold standard. That country apparently desired a ratio of \$3.40 to the pound. Whether Great Britain would consent to a stabilization ratio above \$3.60 was problematical; whether the United States would even consider such a relationship was no less uncertain. Since Great Britain attributed a large portion of her economic ills to the unsuccessful post-war attempt to maintain the pound at its pre-war level and, on the other side of the ocean, the American administration favored a "cheapening" of the dollar as against its former high level and also in its relation to foreign currencies, the divergence of aims was obviously very serious.

It was hoped, however, that the recent appointment of Dr. O. M. W. Sprague, former Harvard professor and, though an American citizen, until recently adviser to the Bank of England, to the position of executive assistant to the Secretary of the Treasury, was an indication of the beginning of British-American cooperation. Dr. Sprague's knowledge of the mechanism of the British exchange equalization fund may lead to the creation of a joint fund for the de facto stabilization of the pound and the dollar. This would be a beneficial start.

At the end of May, not only a complete return of America and Great Britain to the gold standard, but even a de facto stabilization of their currencies seemed unlikely until international trading conditions became more stable. Thus the differences between the two countries became more intricate in the labyrinth of the general tariff situation. The flow of trade between the two greatest commercial powers as well as among other nations was impeded and in many cases prohibited by tariffs, super-tariffs, taxes, surtaxes, quotas and bilateral agreements. Nazi Germany, for example, while eager to accept any measure to improve international trade, was not adopting any policy which did not have as its fundamental principle the economic self-sufficiency of the nation in case of war. And France, with a very unfavorable balance of trade, was unlikely to forego her system of quotas unless the war-debt problem and currency problems were solved. Confronted with this situation, Great Britain, a relatively low tariff country in comparison with the United States, intimated that she would not consider a 10 per cent decrease in her imposts. In view of the present

barriers, neither a prolongation of the tariff truce nor even a general 10 per cent reduction would be an adequate step toward increasing international commerce. Circles close to the administration in Washington, nevertheless, would probably be quite satisfied if a general 10 per cent reduction were agreed upon.

Both Great Britain and the United States had to consider the tariff problem from standpoints other than the international. In the former country an overwhelming number of Conservative members of the House of Commons, who were temporarily supporting the Baldwin policies, were hostile to any agreements which would interfere with their ideal of a closer imperial union. They have not hesitated to attack even the reciprocity pacts concluded by Great Britain with Germany, Denmark and Argentina. Their attitude toward any additional tariff treaties which would prevent the development of the purposes of the Imperial Conference of Ottawa last Summer would probably lead to a government crisis. They believed that economic nationalism was the inevitable trend in the world at present and they proposed to utilize its methods to the utmost within the boundaries of the British Empire.

At the same time the Roosevelt administration was evidently aware of the incongruity between the American high protective system and our position as a great creditor country. Apart from Secretary Hull, however, it was not certain that the other exponents of American policy in London would draw the logical conclusions from this situation. Mr. Hull has estimated that public and private debts owing to us amount to approximately \$28,000,000,000, with annual interest and amortization instalments of \$1,250,000,000. The United States

was not ready to forego this sum. Neither were we prepared to lower our tariff barriers effectively enough to allow these debts to be paid with goods. If we were to escape from this dilemma a policy had to be framed in accordance with the facts. In moderate British opinion, world economy could not recuperate until the United States were willing to pursue a tariff and lending policy compatible with our creditor position. Should President Roosevelt receive authority from Congress to negotiate tariff agreements which would allow him to make concessions, he could begin to bring our tariff policy in line with our creditor position. At the same time our representatives in London would have another powerful weapon in their negotiations.

There were men in Washington, however, who believed, even in the event of improved international trading conditions, that the private debts owing to us, totaling about \$15,000,000,000 would never be collected in full, and that they were actually not worth \$3,000,000,000. Since European investments in this country were for the most part in the highest type of American bonds and other securities, these men were inclined to look upon the United States as in reality a debtor nation. The logical conclusion to such a thesis would be the maintenance of tariff barriers by this country.

Finally, the United States and Great Britain were not in accord on a policy to raise prices by the initiation of large domestic programs of public works. With British taxpayers bending under a heavy burden, Neville Chamberlain's last budget left no doubt that British expenditures on public improvements would be very much restricted, perhaps exclusively to the building of government offices and the partial elimination of city

slums. Since President Roosevelt has laid increasing emphasis on the necessity of raising domestic prices, it was necessary for American expenditures on public works to be paralleled in Great Britain and other countries. Otherwise, the United States would have to insulate herself against the importation of cheap foreign goods. This in turn would destroy the whole conception of international cooperation in the economic field. The importance, consequently, of British-American cooperation to raise prices was very great.

The outlook on the eve of the London conference was therefore not promising. Everywhere there was an almost unanimous agreement in principle that tariffs ought to be lowered and other trade barriers gradually eliminated; there was a general feeling in Washington and London that the stabilization of currencies and the raising of prices were necessary; but there was no unanimity as to who should make the first concessions to initiate these processes of recovery. The platitudes and loquacity of statesmen could not span the distances between conflicting national desires and opinions.

It was unquestionably the dawning realization of all these difficulties which led to Mr. Moley's plea that the American people should not expect too much from the conference. He asked them to turn their eyes homeward. In the United States there has been a beginning of increased industrial and business activity. If it continues and our domestic policies lead us out of the depression, then our position in London becomes immeasurably stronger. Should the conference by October reach the point at which decisions are to be made, and if the United States is then enjoying improved conditions, our representa-

tives would be in a position to demand greater concessions for American cooperation.

If the conference turns out to be a failure, the differences between Mr. Hull's and Mr. Moley's conception of economic recovery will appear to have been partly tactical. Mr. Moley's speech was a bridge over which the American army would be able to retreat to home territory if the attack should prove unsuccessful. The British Conservatives are attempting to open up similar lines of communication with the Dominions and dependencies, and on May 9 France held the preliminary meeting of her own imperial conference in Paris to discuss closer economic collaboration.

Thus, even before the World Economic Conference opened, the three greatest powers prepared for the possibility of failure. If that should prove to be the case, economic nationalism will be raised to a still higher plane. According to informed opinion in Washington, the United States and

Great Britain would be the main antagonists in London, and an unsuccessful conference would accentuate the points of difference between them. In the ensuing economic struggle it was believed that France would start from the strongest position. But the United States would not find it difficult to outdistance Great Britain in any economic race.

The choices before the conference are not many; the importance of what it does is enormous. In a chaotic economic world it is necessary that a decision be made. That decision rests mainly with the United States and Great Britain. Questions of national deflation, national cooperation for the progressive elimination of trade barriers and currency fluctuations, and finally, through central bank cooperation, international planning based upon national planning, are before the delegates. The economic life of over a billion people will be affected by their success, their failure, or their indecision.

The Breakdown in Religion

By ALBERT C. DIEFFENBACH

[A prominent Unitarian minister, the writer of the following article was for many years editor of *The Christian Register*. He is the author of *Religious Liberty—The Great American Illusion*.]

ORGANIZED religion in the United States stands today at "a heart-breaking crisis." These are the words of an eminent church official who is at the zenith of his powers. If he were not a man of unwavering loyalty to institutional religion, his testimony would not be impressive.

For this is no time to give heed to those who believe in neither religion nor the church and who are eager to spell the doom of both. When the world is in chaos, it is the part of wisdom to seek out the informed, seasoned and moderate minds whose faith in spiritual reality and whose zeal for the continuance of its institutions keep them free from a catastrophic mood, men who at the same time rise above the naïve optimism of indiscriminating piety and face the facts.

There are thousands of such even-minded and realistic churchmen who have no desire to avoid the conclusion that in virtually all the branches of Protestantism religion is in a state of collapse. This process of decline has continued long and the causes are manifold. The serious loss of monetary support of the churches during the past four years has accelerated the forces which have brought about the downfall, but the financial failure is hardly more than incidental to the inevitable progress of disintegration.

Let it be kept in mind that we are now dealing with organized religion and not with religion itself. Religion

outlives all its outward forms and institutions and from age to age recreates new ideas and means of administering its quickening and enlightening power. And it is far from the fact that the churches are destroyed. The present crisis which besets them is not unlike that which gives the country concern about its political, social and economic structure. No one would say that either State or church is done for. It may be the churches will be greatly changed in their doctrines and administration; some of them may even disappear. Such things have occurred before, and neither the world nor religion has suffered for the passing of an old order.

The most significant event in recent religious history is the judgment visited upon the work of American churches in foreign missions. There is a saying that what Christianity does abroad is a barometer of what it is at home. In that case, the findings of the appraisal commission of the Laymen's Foreign Mission Inquiry have a comprehensive meaning. *Rethinking Missions*, the report of the commission, is a searching, unrelenting, though friendly, criticism of the work in other lands, and is accepted generally for its bearing upon the character and direction of spiritual labors in the United States. "This document," says William Ernest Hocking, chairman of the commission, "is from a body of Christians to a body of Christians. We are united in the love of Christ and in a passionate desire that His spirit should be known and spread in

this world, suffering, broken, sinful." The appraisal is true to that spirit, and credit for the good work is given where it is deserved. But no ungodly skeptic sitting in the seat of the scornful has ever brought more severe accusations against not only the practical inefficiencies and incompetencies but also the spiritual pride and narrowness of the sectarian-minded missionaries.

Those men and women who rise above blame are not a few, but as a whole the impression is that Christianity has disastrously failed. Pearl S. Buck has gone the way of many a true soul and friend of mankind for saying, with intimate knowledge: "I do not believe that Christianity has touched the average man in China any more than I made it appear in *The Good Earth*." Her witness parallels that of the commission which spent two years in intensive travel and inquiry upon the fields of China, Japan, Korea and India. It was hard for them to write what they wrote, but faithful are the wounds of a friend in a holy cause.

Missions have not been the creative, inspiring and transforming force they were designed to be. The reasons are summarized from the report as follows: They have thought too much that their primary aim was the establishment of a church, that they were to proselytize and make good denominational statistics instead of permeating personal life and society with ideals. They have followed too closely the sectarian patterns which the missionaries brought from America. They have been more interested in doctrine than in life. They have not reached the students and the intellectuals. They have failed to exert an influence on city and rural life. They have not gathered into their churches those who are attracted to Christ. The sev-

eral denominations are not sufficiently united in their approach to the common problem. The missions are still financially and spiritually dependent upon the American churches.

As this terrific appraisal was being published, the people in the churches of the United States were receiving the shocking reports of the financial situation of the missions. For five years the decrease in contributions of living donors has been disheartening. The figures of the American Board (Congregational), which has been distinguished for its broad and liberal leadership and is, all in all, in sympathy with the commission's findings, and has worked according to its principles in a high degree for many years, are fairly representative.

In the year 1927-28, the contributions from the churches amounted to \$1,005,350; in 1928-29, \$956,855; 1929-30, \$934,489 (in this year the income was increased by the merger with the mission board of the Christian Church); 1930-31, \$902,172; 1931-32, \$775,444; 1932-33, estimated at \$500,000. Here is a reduction of income of 50 per cent in a period of five years. The available figures of three other boards—the Methodist Episcopal, the Presbyterian and the Baptist (each of these faiths is also represented by a Southern household)—show a decrease in four years of approximately 40 per cent. This almost even decline of support is an index of the common attitude in American Protestantism. One can find no representative of any of the churches who will predict improvement.

What has occurred to the budgets of the boards working in other countries has also befallen the home mission field and all other church activities. A census of the congregations in the United States would undoubtedly show a 50 per cent decline in income in

the past four years. When giving began to show a slight decrease, there were those who took a cheerful view and thought it would be a good thing for the American churches to be chastened for their extravagance. They remembered the fate of the Interchurch World Movement, which yielded to high-pressure, big-business technique and forgot certain spiritual principles, only to come to grief and a disgrace from which unquestionably the churches still suffer. That fiasco, though there were certain social gains from its short-lived work, lies heavily on the minds of the leaders, but they do not speak of the present slump as a mere return to normal conditions. It is a disaster whose like has never occurred before.

The great change which has come to the local congregation and the struggling home mission is due, let it be repeated, to the same causes that describe and explain the fall of foreign missions. It is true that in outward appearance the churches may belie this opinion. With relatively few exceptions they are carrying on as usual. It is very hard to kill a church! A statistician reports that there are 216,000 churches in this country, not including those of the Jewish faith. During these depression years one bank in five has failed, one business organization in twenty-two (an apparent underestimate), one private hospital in forty-five—but only one church in 2,344 has ceased to function. But that comparison may mean little in actual spiritual vitality and usefulness.

For it is an astounding fact that there has been no increase in church attendance during these distressing years, and a general religious awakening has not come in the churches. "No matter how badly the nation has suffered," says an officer of the Federal

Council of the Churches, who knows the facts, "it cannot be said that any large number of people have gone to the churches for solace. This effect has been the occasion of a good deal of comment, and I think it has been one of the conspicuous features of the depression."

Yet in all tangible factors, organized religion in the United States has reached an amazing maximum. But what is it all about? This is the question that comes searchingly from church leaders themselves, and not from the hypercritical earthbound dullards who probably know nothing of all these things. The denominations have hustled and bustled in the "bigger-and-better" manner of commercial and rotarian America. They have been superficial and good-natured, wasteful and shortsighted, materialistic and stupid, with a degeneracy in spiritual worth and efficacy which, if it could be put in figures, would make the money and membership totals fit for the judgment of the prophet of true religion and its beneficent works.

Surely one weakness of the church arises from the tenaciousness of sectarianism which defies all pressure for mergers of denominations. It has been the fond illusion of many church people that church union is going on apace. Actually there are twenty-six more denominations in 1933 than there were in 1906, when there were 186. For a century there has not been a single genuine union of two historically dissimilar churches in the United States. There have been absorptions of a weaker by a stronger church. The Christian Church, for example, was joined to the Congregationalists. There have been reunions of estranged members of the same faith, notably the several branches of the Lutheran family which have become the United Lutheran Church.

In a union of churches, as in marriage, there is a contribution of the distinctive character of each party and the formation of a new institution differing from either of its constituents. By this plain standard no real progress in church union has been made.

The numerical and financial growth of the churches in the two decades, 1906-26, may seem an unanswerable argument in favor of the manifold sects; but time changes all things. There will be no continuing growth in membership, such as the increase in that time, from 31,869,000 to 44,380,000. Nor will material expansion go forward at the astounding rate of the same period, when the value of church edifices rose from \$1,258,000,000 to \$3,840,000,000, representing an investment per member of \$90 for churches free of debt and \$10 for those not fully paid for. Contributions from members, which were \$8.70 per capita in 1906, grew in 1926 to \$18.44, an amount, if allowance is made for the difference in price levels, equivalent to \$13.06. The number of Sunday school pupils has risen, according to the Federal Census of religion of 1926, from 14,686,000 in 1906, to 21,000,000, a growth relatively as large as that of the number in the public schools. This period of inflation has come to an end, in the writer's opinion, except in the Sunday school, where the children will still go for such teaching as it offers.

Today the churches make a follower of Christ sad; constituencies are a milling multitude with a pathetic want of reality and the most lamentable lack of leadership in the history of this country. A group of men in one of the greatest of churches are weighted with a sense that what has been considered practical is not practical at all. Either new basic beliefs must be laid down in a clear, affirma-

tive and acceptable statement, they say, or the churches will die. They know the Roman Catholic Church will live because it is above everything else a faith; and for the same reason the Fundamentalists and the Christian Scientists are quite as sure to survive. But those who think they are going somewhere, who call themselves modernists or liberals, are simply pleasant and impotent. It is their influence which deadens religious power, for it has always been true that the supposedly more progressive minds have been influential in the temper and tradition of this country.

Religion is a faith, a body of doctrines. The inane talk about religion being not a doctrine but a way of life is quickly silenced when the question, Which way? forces one to choose and decide intellectually what principles to follow. All the great religious heroes, including the mystics, have been learned theologians. The notion that one may believe anything or nothing, so long as he has a kindly feeling toward other men and is ready to have federation of the churches and fellowship with people for its own sake, is a stupidity characteristic of a large part of American religion. That is what the Fundamentalists said in effect in their historic controversy of 1920-25. They did not win the day, though they did not yield their perfectly sound principle.

Today there is no clear voice in the great churches interpreting the new age in theological terms. There are teachers of philosophy and sociological investigators who are thinking, but for theology within the churches little or nothing may be said. A volume of short autobiographies of contemporary theologians gives one the unhappy impression that for the most part they have no deep, clearcut, intellectual convictions suited to the

people's spiritual uses, that they disagree with one another, and that—paradoxical as it may seem—they express a cohesive sympathy with one another which is probably the worst thing of all for its dulling effect upon minds that ought to make distinctions and say significant things, regardless of consequences.

A study of the ministry as a whole is most disheartening. It has always been a presumption that the parson is a learned person. As a matter of fact, compared with men in other professions, he is inferior in equipment. At a conservative estimate, three out of eight ministers in the white Protestant churches in the United States are not graduates of either college or theological school. In 1930 an inquiry by C. Luther Fry, a recognized religious statistician, disclosed the fact that among 71,500 ministers, 29,500 (41 per cent) did not claim to be holders of diplomas of either college or seminary. Only one minister in three in the white Protestant churches stated that he was graduated from both institutions.

Let us see somewhat in detail what the churches offer the community on Sunday morning. The great Methodist Episcopal Church has fifty-four in every hundred of its town and rural ministers, and twenty-eight in every hundred of its city ministers, who are not graduates of either college or divinity school. On this basis, consider the Congregational Churches with their intellectual background. They offer twenty-nine men in every hundred in the towns and country and fifteen in the cities without diplomas. Among Unitarians, who are regarded as incomparable intellectual leaders, not more than one-half of their 450 ministers have completed both college and seminary courses, and probably one-third of them have had most irreg-

ular and inadequate preparation. The Baptists in the North have sent out 43 per cent of their ministers to country churches, and 18 per cent to the cities without full training; the Southern Baptists, 70 and 30, respectively; the Protestant Episcopalians, 18 and 9; the Methodist Episcopal Church, South, 67 and 48; the Presbyterians in the North, 20 and 7; the Southern Presbyterians, 15 and 8; United Brethren in Christ, 67 and 43.

The best record is made by the Evangelical Synod of North America, with only five men in the country and two in the cities lacking both diplomas; the United Lutheran Church, six and two; the Reformed Church in the United States, seven and three; the Evangelical Augustana Lutheran Synod, seven and three. The Roman Catholic priesthood stands fifth in the whole list, with seven in 100 men in the country and six in the city lacking college and seminary certificates.*

Here are returns which are their own commentary on the organized agencies of religion in this country. The contrast between the almost fabulous sums of money spent on physical equipment and the low educational estate of spiritual leadership is appalling. Man-power is tragically negligible, and up to the present time there is no indication that the churches have any awareness of their recreant stewardship.

One more evidence of the plight of organized religion is presented by the church paper, once the flower of the denominational plant; its color and fullness testified to the health in the root and branch. But the flower withers. Is there a single journal of

*These numbers are not decimally accurate. For example, the Northern Baptist exact figures are 42.9 and 18.3. In all cases five-tenths of 1 per cent or more is counted as one; less than five-tenths is counted out.

any of the sects in the United States which is not in a precarious condition? It is not because the editors are incompetent, but because their sponsors, the responsible members of officialdom and the churches, offer no concrete and dramatic accomplishments to be described, and the former conclude, generally without knowing their own contributory dullness and dearth of inspiration, that the paper is not interesting or worth while. It certainly is not, except in a few cases of independent journals which keep their own souls. But if a church owns its organ, God help the religious journalism in that communion. Whether bond or free, the press of organized religion can only be as good as the good that is done, for it is news that makes the foundation of reader interest.

Many papers have disappeared, the latest being the *Baptist*, which represented, presumably, the more liberal thousands of its church. The Methodists reduced the number of *Advocates*, published in various sections of the country, from eight to four, and nobody wept. Other sheets have become mere bulletins. But the low level of church papers reflects the constituencies. Long before the stress came in finance, the printed word of organized religion was fading, and today the state of things in this once flourishing field for heralding and propagating the gospel and crusading for communal righteousness beyond the touch of venality is the worst in the history of the United States.

Of course, there is always hope. The anxious inquirer seizes on any fact which shows promise of better things. It is highly gratifying that the Federal Council of Churches, which has been wise above its constituent members in many fields, gives first place in its review for 1932, *The Year Book*

of the Churches, to a consideration of religious thought. Professor Henry P. Van Dusen says the great question now centres in the being and nature of God. Some ask, Is there a God? Professor Van Dusen, echoing Isaiah, believes the real question is, What is God like? A movement against all theistic belief has arisen in the past decade, and among its followers are men in many churches, notably the Unitarian. But the dominant faith is still in some kind of Deity.

Dean Willard L. Sperry has declared that liberal theology ends in humanism, but there is a deepening distrust, it is said, of liberal theology today, and a return to various forms of supernaturalism. No longer do the parsons cling to "the skirts of an Eddington" who caused some of them to believe he was reconciling science and religion—two things which can never be reconciled because they belong to different spheres and have distinct functions. Karl Barth is a throwback to a more revelatory principle than Calvinism ever was. The rise of Buchmanism in the so-called Oxford Group, with its Spirit-guided legions increasing among the converted men and women of the more favored social levels in many lands, is the fruit of this new supernatural emphasis. The case for a theology or science of religious values on the basis of fact and experience and reason, after the manner of William James and Auguste Sabatier, is weakened, so far as organized religion is concerned.

During 1932 a three-cornered discussion of the bald question, Is there a God? was conducted in *The Christian Century* by Douglas Clyde Macintosh, a traditional theist; Henry Nelson Wieman, who has been called an impersonal theist, and Max Carl Otto, a humanist. The outcome, so far

as changing any one's concrete beliefs, was not highly satisfying, but it did settle the point that one may be religious without believing in the traditional Christian idea of God, and it did revive an interest in metaphysics which is all to the good.

Another gain in open-mindedness in these recent years is the respectful recognition of the humanists. The rise of humanism in religion—very different in its more obvious phases from the so-called humanism of the cultural critics like Irving Babbitt and Paul Elmer More—is destined, says one theistic teacher, to sweep like a "hurricane" over the religious scene; a seminary president, Henry Sloane Coffin, calls it "the scourge of Christendom." Of its virtue (or virulence!) there is no question among those who follow after these matters and know their far-reaching significance in everyday thinking and living.

Certain it is that the attempts at mass movement in the churches have weakened in the past two years, and this is counted for good. Federations of churches are almost done. Church union interests fewer people. Religion is not at its best in crowds. There are varieties of human beings who require varieties of religious expression for their satisfaction and nurture and their good works. The church is more than a fomenting place for committees and meaningless meetings. It is "a retreat of the will into itself and into communication with its ultimate sources, * * * a process of recovering the sense of worth, and thus of re-creating and revitalizing the self." Religion is obligation; that which one conceives to be the ultimate ground and purpose of his existence is his religion. The quality of it, and the use of it in action, depends upon what one thinks. It begins to dawn on our day that there must be practical ex-

pression of conviction thus nurtured to save it from being anemic and futile, and this union of "back-stroke" and "outspoken," of worship and work, fulfills the principle of alternation in religion which will increase the transforming power over the individual's life and the social well-being.

Social religion will be more powerful because it will be religious as well as social. The spiritual ground of economic justice, taught by all the prophets and apostles, and supremely by Jesus himself, will come into its own, and the care of the poor—who have been synonymous with the people throughout history—will be the fruit of the idea that one of the highest obligations of organized religion is to prove the requirements of the material welfare of a beloved humanity. By that way alone will come the true unity of all religious people.

Is the inmost lack of the churches the mystical commonplace which we call reality, that something which peasant and prince alike sense with a faculty of discernment greater than the intellect? Many say reality is not in the sanctuary, as they also say no leaders are there. If that is true even in small part it is good that the call is back to the solemn ultimate, God. Last July, Pope Pius XI wrote an eloquent message to the world. He said "again and again in history God manifested himself and started the return to better things." One watched and waited. There was little published, even in the Catholic press, that showed belief in an intervening God.

If change and decay are all around, it may be a portent of life that makes all things new. In a long view, there is nothing here for despair. On the contrary, old faiths may yield to nobler ones. The past is witness that men have wrestled over problems, with the result, in part, that such

questions as the infallibility of the Bible, the validity of miracles, the uniqueness of Christ, the finality of Christianity and the damnation of the heathen, have all been settled to the satisfaction of many persons in terms different from those of an earlier day.

At last the problem is God. Probably it makes the real crisis. This subject causes more difficulty than all the others together. It is the last and the greatest. One school is faithful to the tradition. This position is admirably stated by Douglas Clyde Macintosh. The God of theism is "a Super-human Spiritual Being, an essentially personal cosmic Power, an intelligent loving moral Mind and Will, great enough in wisdom and power and favorable enough to human well-being to do for man what man ought to do for himself but what it is infinitely desirable to have done and what man apart from a God cannot reasonably be expected to accomplish for himself."

Once, not long ago, this definition would have been hailed with accord. How is it today? Wherever one turns, one finds men distinguished for their services in the churches who have come to the parting of the ways. John Wright Buckham believes that "there is increasing dissatisfaction with conventional Christian theism." Paul Hutchinson says: "I greatly doubt whether any theistic argument now on the intellectual horizon will fully satisfy the examination of modern man." Father Francis P. LeBuffe, S. J., simply reporting what he finds, maintains that "God means anything today." As John Dewey sees it, "God of itself is the most colorless and

indefinite word in the English language." A popular religious spokesman, Burris Jenkins, declares frankly: "We talk about God's commands, but in reality God makes no commands and never has. The Ten Commandments that we ascribe to God are the outgrowth of human experience as to what is wise and just and right between man and his fellow-man." Harry F. Ward reflects the religious-social drift in American Christianity: "To turn to God to do for us what we can do for ourselves is to invite a worse disaster through the weakening of our moral initiative and energy."

These ideas belong to this day. They by no means represent the majority of contemporary thought. But they are sincere efforts to arrive at reality so that religion may square with life. Up to the present time, the churches have divided and subdivided; that was inevitable in an approach to religion beyond humanity. Their conclusions in many details were of many varieties because they were the result of speculation about the vast unknown. Now the world wearies of division and strife, and it wonders how much the spiritual disputants are responsible for our agonizing woes. "Tell us what we can see for ourselves is fact and truth," one almost hears it say, "for that is good and enough for humanity, and it will unite us in one world-wide spiritual family." It seems that once again, by what John Milton called the "concurrence of signs" and the "general instinct" of holy and devout men, "some new and great period is beginning in the Church, even to the reforming of Reformation itself."

The Brake on Soviet Industry

By LOUIS FISCHER

[Mr. Fischer is an American correspondent who has been in Russia during the greater part of the post-war period. He is the author of *The Soviets in World Affairs* and *Machines and Men in Russia*.]

SOVIET Russia's major handicap is neither scarcity of food nor shortage of goods, but an absence of technical skill. The Communists lack just what Americans have in great abundance—skilled labor and trained engineers. The dearth of these will plague Russia for several years at least, and must continue to shape her domestic policies, for the simple fact is that the Soviets built so many gigantic enterprises during the first Five-Year Plan that now they have not enough people to run them efficiently. A universal truth has been discovered which might have been known long ago—it is easier to erect a plant than to operate one.

Economic progress in the Soviet Union will hereafter depend more on the availability of trained human reserves than on the supply of rich natural resources. The cultural backwardness of Russia and her retarded technical growth have commenced to tell. No longer is the emphasis on construction; rather is it on mechanical training. During the first Five-Year Plan the Russians' mad desire was to build, build, build. This year and in 1934 and 1935, their most urgent task will be to make use of what they have already constructed.

To appreciate the situation, one must realize the extent of Russia's backwardness. There are millions of Soviet citizens who have never used

a telephone, who have never ridden in an automobile. A chauffeur jacking up his car to repair a puncture is an event, even in the metropolitan streets of Moscow, which will collect a crowd. There are whole villages without a single clock or watch. The average Russian youngster of today has never taken apart an old clock. The screwdriver and monkey-wrench are not his childhood toys. He does not breathe gasoline and hear automobile talk and see automobile advertisements on every side. He has no machine sense, no instinct for the mechanical. It is such a nation that has been called upon to carry out the most ambitious program of industrialization ever devised by man.

Much of the work in the construction of the Turksib Railroad in Central Asia was done by nomad Kazaks who had never seen a railroad before. Burly peasants straight from the plow are now employed to operate highly complicated machines imported from America and Germany. During the first Five-Year Plan approximately 5,500,000 individuals who had never worked in factories were absorbed into the Soviet industrial system. They were peasants from villages, women who came straight from the stove to the lathe, and youths just reaching maturity. In the light of Russia's unmechanical past, no one could expect these people to be efficient producers from the start.

The revolution is transforming Russia into a country of steel and iron. It used to be a country of wood. Some time ago, from my apartment window

in Moscow, I watched a group of working men erect some wooden booths and pavilions. They handled axes and planes with marvelous proficiency. With the axe as their only tool, they quickly converted a tree trunk into a perfectly quadrangular pole. Some of these poles they then cut into flat boards. Here and there they joined pieces of wood without nails or glue. They were most accomplished carpenters. Every Russian peasant can use the hatchet. As a boy he watched his father hew wood and build a log cabin for the family to live in. Work with wood is part of the tradition and habits of every Russian.

The machine, however, is new. He glories in it—it is his big new toy. And he frequently spoils it. There have been in many cases wilful sabotage in Soviet industrial units, but there have been many more cases of destruction by untrained fingers and minds.

This is one source of trouble, but not the only one. Lack of engineering and managerial experience aggravates the difficulty. Even in the United States it takes several months before a large, new plant is operating smoothly. In the Soviet Union it may take several years. The huge tractor factory at Stalingrad on the Volga was completed in 1930, but, despite its very modern equipment and the assistance of innumerable American mechanics and workingmen, it did not begin to function efficiently until 1932. The tremendous automobile works at Nijni Novgorod with an annual capacity of 150,000 trucks and passenger cars, likewise has had its "infantile diseases," as the Russians call these difficulties in starting an enterprise. The plant commenced to produce and then had to stop operations for a time while changes were made in management, in method and

in the type of manufactured unit.

Every one of the Soviet industrial "giants"—and there are scores of them constituting whole cities—must pass and are today passing through this initial stage in which workingmen have to learn their jobs, in which engineers have to accumulate experience in what to most of them is a new venture, and in which the managers must get acquainted on the spot with the equipment and with the task which the government has assigned them. This educational and probationary period will, I estimate, last two or three years, and that is why, in the opinion of most observers, the Soviet Government, while erecting many small auxiliary factories and plants, will not undertake in the near future to build industrial enterprises of the dimensions of Magnitogorsk or Kuznetzkstroy or the Nijni Novgorod "Ford" factory.

How long will it take to master the problems of management? Stalin, according to rumor, recently stated in private conversation that it would be fifteen years before the Soviet nation learned to operate plants and run machines skillfully. If he did not say this, he might have, for such faculties are not acquired overnight. And yet progress in this field is so rapid as to be actually visible. It can be seen, for instance, at the Kharkov tractor enterprise, which is almost an exact copy of the Stalingrad tractor factory. Svistun, the manager at Kharkov, whom I have visited on a number of occasions, knew the Stalingrad plant as well as he did his own. He knew its history, its mistakes and its struggles. He benefited from them. Kharkov therefore avoided many of Stalingrad's "infantile diseases" and began to produce much sooner.

This is one of the great advantages of a nationally owned non-competitive

industrial system. As experience and training accumulate, they are passed on more quickly than in a country where each manufacturer must learn by his own errors. One may expect, therefore, that Russia will register speedy technological advances. Central control, moreover, has the virtue of enabling the Soviet Government to plan and to eliminate overlapping and waste due to competition and advertising. Yet this same centralization makes the whole system supremely sensitive to disorders in any one of its parts. Since the State owns and runs everything, each industrial unit dovetails closely with all others, and the bad effects of any blunder are quickly communicated to the entire structure. The human body reacts to an ailment in one of its organs or limbs; so, too, the Soviet national economy. A Communist, of course, would reply that in capitalist countries the coal industry likewise suffers when steel is depressed, and both are affected by inadequate transportation facilities. Yet the very duplication of bourgeois economy, despite its concomitant waste, guarantees a greater degree of flexibility by reason of continued production by one unit when its rival closes down.

The intimate interrelation of industrial plants in the Soviet Union encourages the familiar political game of "passing the buck." Recently, for instance, the Communar factory at Zaporozhie, which before the revolution manufactured rakes and hoes and now turns out large agricultural combines, fell behind its production schedule. The newspapers sent reporters to investigate. It was discovered that the Communar's output had risen steadily for several months, but that its combines stood unused in the warehouse because the motors, which are made at the Kharkov tractor factory, had

not arrived. The reporters rushed to Kharkov. "Why do you hold up the combines the country needs for our next harvest?" they asked. "Because we had put in orders for 12,356 tons of steel during the last quarter and received only 6,140 tons." Here we get down to rock bottom. The steel industry was the weakest link in the Five-Year Plan chain, and all industries suffer sympathetically.

The Soviet leaders contend that if present weaknesses are accentuated by central control, future progress will be all the greater for the same reason. They argue, moreover, that they enjoy a special advantage in that they are industrializing at a time when the Western World has reached a high degree of technological perfection which Russia can borrow. The final Communist defense is this: "Notwithstanding our backwardness, we are relatively more efficient than the capitalist nations with their enormous losses from overproduction, periodic depressions and large-scale unemployment."

The Soviet Government, nevertheless, is painfully aware of the handicap which Russia's technical deficiencies impose on its schemes for industrialization. "In the period of reconstruction," Stalin has said, "technique determines everything." "Be masters of technique" is a slogan which I have seen on banners in innumerable Soviet factories and universities. At the January, 1933, session of the Communist Central Committee, V. Kuibishev, a member of the pivotal Politburo, said: "After establishing the basis for the technical reconstruction of our entire national economy, after a period of great capital investment, our main task now is to master that which has been built." Rudzutak, another first rank Communist leader, stated at a recent con-

ference: "An American steam shovel displaces 600 men. But with us an excavator at Bobriki displaced only fifty-eight men. Why? Chiefly because we have not conquered the technique of that steam shovel."

What do the Soviets propose to do about this dearth of skilled workers? Mechanical-mindedness, of course, is the product of the presence of more machines in a country. And more technique will inevitably follow the introduction of more automobiles, electric lathes, steam shovels, cranes, railroads, airplanes, clocks and so forth. But this process is too slow for the Russians. They therefore place maximum stress on technological education. Like everything else, this branch of life also had its Five-Year Plan. By 1933, the Soviet higher technical training schools were to enroll 70,000 students, but the newspapers proudly boast that in 1932, the number had reached 201,000. Accordingly, *Pravda* proclaims in a screaming headline that "the Five-Year Plan for the preparation of technical cadres has been overfulfilled three times."

The fierce tempo of industrial construction between 1929 and 1932 made this overfulfillment absolutely indispensable. The Five-Year Plan put a premium on the trained specialist and on the mechanic. In 1929 Russia had 57,000 engineers and technicians with university education and 55,000 of secondary grade. Four years later there were 216,000 of the one and 288,000 of the other. The newcomers had been passed quickly through the technical training mill, and the moment they came out they found jobs.

It is these young men and women who helped to execute the Five-Year program of industrial construction. Needless to say, their inexperience is reflected in the new buildings and in

the commodities manufactured, but the loss is partially balanced by their enthusiasm and devotion to the Soviet cause. In this respect they far surpass the pre-war Russian engineer, as well as by their readiness to leave their desks, roll up their sleeves and do real manual labor. The old Russian engineer was a fine theorist and expert draftsman, but the imported American consultants detested him for his abhorrence of physical exertion, his impracticality and his aristocratic self-importance. The Americans, on the other hand, recognize the kinship which the new generation of rough-and-ready pioneering Soviet engineers has with the men who directed American industrial expansion.

The excellent characteristics of the latest polytechnic graduates cannot compensate entirely, however, for their lack of experience. This is especially true since the scarcity of skilled technicians forces the new engineers into positions of great trust and responsibility the moment they leave the schoolroom. Indeed, many of them are engaged by factories and syndicates while they are still studying. Such organizations then pay a stipend to the student in order to hasten and facilitate his education. An engineering student, it is important to note, is in at least one case out of two likely to be a workingman with a record of years of factory employment, who is now trying to add science to his experience. The Communists are thus consciously bridging the gap between manual and mental labor by combining both in the person of the much-pampered proletarian. This union of brawn and brain is and always has been one of the major aims of socialism. On these proletarian engineers depends the ultimate relief of Russia's technological famine.

Islam in Quest of Unity

By ROBERT L. BAKER

[Mr. Baker, a former Rhodes scholar, has specialized in international relations and the history of the Near East, and has traveled in the Moslem countries. He is now a member of the editorial staff of this magazine.]

NEARLY a generation ago Lord Cromer, who knew the Moslem world as few Europeans have known it, wrote the following obituary on a religion professed by 250,000,000 souls: "Islam is moribund, and its gradual decay cannot be arrested by any modern palliatives, no matter how skillfully they may be applied." If he were alive today it is unlikely that he would wish to change that opinion, for the disintegrating forces which he saw at work in Islam at the beginning of the century have operated more swiftly than he expected.

Yet many of Islam's leaders were not blind to these dangers, and even in Cromer's time they attempted to develop a sense of unity among the Moslems of all lands by inaugurating the Pan-Islamic movement. The adoption of this defensive measure testified in itself to the inadequacy of the waning Caliphate as a symbol of Moslem solidarity. Though the Pan-Islamic movement has persisted until the present time and still has many ardent and influential supporters it has accomplished little. The explanation of its failure lies in the fundamental anachronism of a universal religion in a nationalistic world. Islam has as many sects as there are in Christendom; there is as much dogmatism and far more fanaticism. Yet, while no realist believes that the Christian sects of the world could be united un-

der any conceivable kind of leadership, and such visions have long since been abandoned, there are Moslem internationalists who continue to believe that their ideal will be realized through their own efforts, or through the long-delayed coming of the Mahdi.

Nationalism, however, is not the only factor making for disunity in Islam. The widespread area in which Moslems live, from Morocco to the Philippines and from the steppes of Siberia to South Africa, is not the least serious handicap. The Moslems are racially and linguistically diverse, belonging to practically all the Asiatic and African races and to many in Europe, and speaking several hundred languages and dialects. Moslem peoples, moreover, possess a great variety of indigenous traditions and customs which antedate their adoption of Islam, and they gain their livelihood in many diverse ways. Again, whether independent or in vassalage, they are accustomed to different forms of government. Western materialism, education and social conceptions, too, are having a profoundly disturbing effect on Moslem institutions and life. Finally, a multiplicity of sects divide Islam even in strictly religious matters on every point except the five simple "Pillars of the Faith." The first of these universal elements of Islam is the profession, "There is no God but Allah and Mohammed is his Prophet," the others being the ritual prayer, alms-giving, observance of the fast of Ramadan and, if practicable, the pilgrimage to Mecca.

Primitive Islam, like primitive Christianity, had a broad conception of its mission in the world. Neither the Koran nor the sayings attributed to the Prophet and his Companions drew distinctions of race or speech or color. Upon this basis of universality a theory of political unity was developed, and though in practice that unity has never been achieved, the orthodox have persisted through the centuries in believing that its realization merely awaited more favorable circumstances and stronger Caliphs. The awakening of national consciousness about a generation ago, first among the Turks and subsequently among the Arabs, Persians, Egyptians, Syrians, Indians and other peoples of the Moslem world has played havoc with the ideal. Today national loyalties are so strong among the Moslem peoples that all except the most intransigent of Sunni, or orthodox, theologians have abandoned the political ideal and are searching for some non-political formula that will serve as a symbol of Moslem unity.

Efforts in this direction have thus far been unsuccessful. Two Pan-Islamic conferences have been held but the attendance at both was neither representative nor official and the serious questions, like the Caliphate, were excluded from their agenda. Apart from suggestions for better care and protection of the pilgrims and the expression of concern about Arab problems in Palestine, the conferences accomplished nothing worthy of note. Permanent Islamic councils have been proposed, but none has been formed and neither the conciliar movement, which is foreign to the traditions of Islam, nor the Pan-Islamic ideal itself has aroused noticeable enthusiasm except in India.

If Pan-Islamism has made little progress, quite the contrary is true

of its great antithesis—nationalism. At the outbreak of the World War Turkey was the only Moslem State that could be regarded as independent, and she was decentralized, shaken by defeat and trammelled by capitulations. Today there are seven Moslem States that can be called sovereign—Turkey, Persia, Iraq, Saudi Arabia, Afghanistan, Albania and Yemen. The first four are members of the League of Nations. In calling these seven nations sovereign the benefit of the doubt has been given to Albania, because her freedom of action may be reasonably suspected, and to Iraq, who has yet to prove her title. Yemen is a stable little State, ruled by an Imam of considerable ability, and Afghanistan seems well able to maintain her independence, though the Afghans appear to enjoy being courted by the British and Russians as Persia did until the coming of Riza Shah Pahlevi. Turkey, Persia and Saudi Arabia, however, are becoming stronger daily, thanks to leaders who possess military skill, determination and modern ideas regarding the importance of centralization, adequate communications and economic development.

Republican Turkey affords the most striking example of the success of nationalism in Islam. Even before the war the Young Turks had embarked on a program of Turkifying the Ottoman Empire. The attempt to impose their program on subject peoples gave an impetus to the Arab nationalist movement which had begun at about the same time. After the war, Turkey alone of the defeated nations refused to accept a dictated peace, which in her case would have partitioned most of Asia Minor among the victors. Under the leadership of Mustapha Kemal she succeeded in obtaining frontiers that included most of the true Turk-

ish population. There followed a series of typically nationalistic measures that aimed at making Turkey homogeneous in race, language and culture, and others to secularize law and politics. Minorities were eliminated, either peacefully, as in the case of the wholesale repatriation of nationals by the agreement with Greece, or else by suppression or expulsion. As recently as this year it was decreed that only Turks might engage in a large number of occupations, with the result that thousands of foreigners have been forced to leave the country. Racially, Turkey is today one of the most homogeneous of nations.

Nationalist States have always been sensitive on the subject of language and when the Turks set out to free their language of Arabic elements they were striking at one of the few influences common to all Islam. Arabic was the language of the Koran and of Islamic law and was used universally by the clergy and jurists throughout the Moslem world. But Mustapha Kemal had the Koran translated into Turkish, and required all Turks to learn the Latin alphabet and to use it instead of the Arabic. The traditional Moslem law was superseded by the Swiss code. In Turkish courts a witness now swears by his honor instead of "by Allah." Arabic has been replaced by Turkish in public prayers and in the Friday sermon. Turkish scholars are at present engaged in purifying the Turkish language of all Arabic words by substituting Turanian equivalents for them. Even "Allah" has been changed to "Tanrı."

Religious reform had been decided upon by Mustapha Kemal and his associates from the beginning. The Moslem clergy had always engaged in political intrigues and had even stirred up the Kurds against the young republic. Drastic steps were taken to

secularize politics and the Turks began at the top. The Caliphate was first stripped of its temporal prerogatives and then suppressed altogether as incompatible with Turkish nationalism. The *ulemas* were restricted to their religious duties and the religious orders, which had been an economic drain on the country, were suppressed.

Nationalist movements elsewhere in Islam—in Persia, Iraq, Saudi Arabia, Egypt and India—have proceeded more slowly than in Turkey because of different circumstances, but they have had the same effect in dividing the loyalty of the Moslem. In India, for example, nationalist sentiment has made possible the Hindu-Moslem entente in the struggle for self-government. Many prominent Indian Moslems have subscribed to the formula, "I am an Indian first, and a Moslem afterward." Moslem nationalist movements are thriving in Soviet Russia as semi-independent Soviet republics. In Palestine, where Moslem feeling in an exaggerated form would be expected, racial and economic rivalries between Jew and Moslem are at least as important as the differences of religion. It is significant that Moslem interests are in the hands of an "Arab" and not a "Moslem" Executive.

Pan-Arabism in fact, has stronger support among the Arabs than the Pan-Islamic ideal. This movement was nationalist in origin, but has become, and seems likely to remain, internationalist. Because of its racial and linguistic basis its prospects are brighter than those of Pan-Islam, but dynastic jealousies between Ibn Saud and the Hashemite rulers of Iraq and Transjordan, together with sectarian differences and diverging political histories in recent years afford little hope that a political consolidation of the Arab States can be achieved. It is not improbable, however, that some

kind of loose association with vague aims may be established.

The independent nations of Islam have received considerable publicity in Europe and America, but their importance in the Moslem world should not be overestimated. Only some 40,000,000 Moslems out of a total of about 250,000,000 dwell in them. Yet their example has stimulated the growth of nationalist movements among the vast Moslem populations that live under alien rule. As these Moslem States consolidate their positions and gain prestige in their relations with European nations their influence is certain to have an increasingly powerful effect throughout Islam in weakening religious loyalty still further.

The influence of Western education is playing an important rôle in Moslem nationalist movements. It is also throwing down a challenge to Moslem orthodoxy. Islam had nothing to fear from the traditional forms of learning, which were based exclusively on its own doctrines. From the influence of Western secular education, however, has come a threat to the integrity of Islam that is scarcely less dangerous than nationalism itself. Islamic intellectual circles today abound in skeptics, higher critics, reconcilers of the faith with modern science, reformists and modernists, all of whom are seeking by one means or another to purge the faith of superstition and illogic. Conservative Moslem leaders are aware of the dangers of education along Western lines, and stoutly defend the traditional drill in the letter of the Koran. They are fearful, and with good reason, that students trained in Western ideas will fall away from the faith altogether or else become critical of the ancient traditions and join one of the many modernist groups. Lord Cromer under-

stood the conservative position when he doubted if Islam reformed would still be Islam. But looking at the educational struggle from the point of view of making the Moslem world a helpful member of the family of nations, one cannot help regretting that the most brilliant intellects of Islam have too long been dissipated in allegorical interpretation of the Koran and in defending this or that sectarian dogma.

The press, like secular education, has been a powerful agent in promoting nationalist movements and in fostering schisms. The Pan-Islam movement has a number of organs, but the greater part of the Moslem press is under sectarian influence.

Many of the social changes that have occurred in Islam in recent years under the influence of Western ideas are significant of a declining respect for time-honored Moslem traditions and even canons. This is especially true in regard to the position of women. In Turkey and Persia, for example, women may now divorce their husbands, and agitation for this right is strong among the women of some other Moslem lands. Polygamy, permitted in the Koran, has been abolished in some Moslem communities and is under fire in others. According to present Turkish law, a Moslem woman may marry an infidel, a union specifically forbidden by the Koran. Several of the independent Moslem States have made child marriage illegal, while it is, with the seclusion of females, also under attack by reformist groups in India. The emancipation of women, so contrary to tradition and even to Moslem law, naturally proceeds slowly where prejudice is strong, that is to say, in the greater part of Islam. But precedents have been established for breaking with the past; conservative Islam can delay

but it cannot prevent social change.

The greatest problem now agitating the leaders of orthodox Islam is that of leadership—of the Caliphate. It is not new, having been a source of dissension and schism since the day when the Prophet died without making any provision for a successor. Almost without exception Islam's hundred sects or more grew up over this question and many of them possess vast collections of polemical writings to justify their particular view of the rightful Caliph and his prerogatives. Since 1924 there has been no Caliph, and today, because of the lack of unity in Islam, a solution of the problem seems remote. Some Moslem communities are definitely opposed to the restoration of the Caliphate; the majority appear to be indifferent and only the Indian Moslems are evincing real interest in promoting the idea.

In 1922 the Turkish National Assembly deprived the Sultan-Caliph of his temporal power. Two years later it suppressed even the spiritual Caliphate. The office was immediately assumed by King Hussein of the Hejaz, but within a few months he was driven from his throne by Ibn Saud, King of the puritanical Wahabi sect of Central Arabia. The Moslem world showed few signs of being outraged by Turkey's action, but protests from an Indian committee formed for the defense of the Caliphate drew from Mustapha Kemal a statement that was profoundly significant of the changing loyalties in Islam. The Ghazi wrote: "The age-long dream cherished by Moslems that the Caliphate should be an Islamic government including all Moslems has never been capable of realization. It has become, on the contrary, a cause of dissension, of anarchy and of wars among the believers. The interest of all, now more clearly understood, has brought to

light this truth—that it is the duty of Moslems to possess separate governments. The true spiritual bond between them is the conviction that all the believers are brethren." According to this view Islam does not need even a spiritual Caliph.

But Turkey, bent on developing a secular national State, cannot be said to represent the view of the majority in Islam although her secular attitude appears to be gaining the adherence of many educated Moslem laymen. Influential groups hold that the Caliphate should be restored on a spiritual basis. This, however, implies reform. The conception of a spiritual Caliph is foreign to the traditions of Islam, which require that he shall possess the power "to bind and loose." In fact, according to orthodox Sunni writings, the Caliph's power is entirely temporal as the lay defender of the law, traditions and territories of Islam. Doctrinal authority and spiritual prerogatives are denied him. His position has been compared with that of the Czar in the Russian Orthodox Church or with that of the King of England as defender of the faith in the Anglican Church. The conception of a spiritual Caliph was devised by Russian negotiators to make the Treaty of Kutchuk-Kainarji in 1774 more acceptable to the defeated Turks. The latter were consoled by a provision which recognized the Sultan as the spiritual leader of the Moslems in territories which were made autonomous.

Moderate Sunni opinion holds that the Caliphate is a necessary instrument or office for the validation of canonical decrees, prayers and sentences of courts. Yet this view is none too logical because the Sunni Moslems regard as valid numerous decrees and prayers that originated when there was no Caliph or when there were several rival Caliphs.

In 1926 an All-Moslem Caliphate Congress met at Cairo under the auspices of the University of Al-Azhar. Most of the invitations sent out by the rector were unanswered, but it was attended by forty delegates, including clergy and laymen, who represented associations rather than Moslem governments. The congress deliberated behind closed doors and in its report recognized the obvious fact that there is little unity and much jealousy in Islam. The old political independence of the majority of Moslems and the old internationalism were gone. The disruptive influence of nationalism was conceded. It was asserted, therefore, that if a universal Caliph were to be appointed for all Moslems he would not possess the authority required by Islamic law and that such a Caliphate would be illusory. In such circumstances a restoration of the office was considered to be premature. The congress did recommend the establishment of a central committee to study the problems of Islam as a whole, and of committees in each Islamic country to advise the central body and execute its orders.

The Indian Committees for the Defense of the Caliphate have adopted a part of this program but advocate a return to the elective period of the Caliphs. They propose a Supreme Council of Islam and that the elective Caliph be only a delegated administrator. But opinions as to the composition and powers of the proposed council differ widely, though most of its supporters would limit its authority to religious matters.

As yet no council of any kind has come into existence. The truth is that the Islamic peoples are preoccupied with local problems. Even the Indian communities, which have shown the

most interest in restoring the Caliphate, must reserve their strength for the contest with the Hindu majority in a self-governing India. Iraq and Saudi Arabia are busy consolidating their new positions in the world. Turkey is opposed to the restoration of the office. Persia holds to the Shiah doctrines and does not believe in a visible Caliph. Egypt is suffering from the depression and is occupied with internal politics and the perennial question of Anglo-Egyptian relations. The remaining Moslem peoples are either backward and subject to alien rule or else lack influence in Islamic councils.

Meanwhile, there is no lack of candidates for the Caliphate, foremost among them being Mohammed Yahia, Imam of Yemen; Said Idriss, Emir of the Asir; King Fuad of Egypt; the Sultan of Morocco and King Ibn Saud of Saudi Arabia. Jealousies among them are strong and none can count on much support beyond his own territories. Ibn Saud, perhaps the most logical choice, since he controls the Holy Cities, is respected by Moslems abroad for his vigor in protecting the pilgrims, but he belongs to a fanatical sect that is almost universally disliked in Islam because of its puritanical and iconoclastic beliefs.

In view of the forces working toward disintegration in Islam, it appears likely that the absence of tangible unity among Moslems will continue. Islam is unwilling to accept Mustapha Kemal's view that the true bond between Moslems is the conviction of brotherhood, considering it too weak. Yet Christendom, which has felt the impact of the same forces, cannot be sure that it is united by even that feeble link.

On the Agricultural Front

I—The Spirit of Revolt

By LEMENT HARRIS

[The first of these two articles describing, from different points of view, conditions among American farmers, is written by a Harvard graduate who for the past seven years has been specializing in agricultural economics. In 1931 Mr. Harris made a survey of the situation for Amherst College and has since been traveling again through the chief farming areas of the United States. A previous article by him, "What Hope for the Farmer?" appeared in *CURRENT HISTORY* for March, 1932.]

How can farmers organize? Spread over the country, from coast to coast, living on separate farmsteads, every factor, every instinct, would seem to keep them weak and isolated. Always, heretofore, each farmer has seemed to be thinking primarily about his own holding, which demands his close attention every day in the year. But now, under the pressure of acute distress, farmers are breaking all the rules. Instead of quietly going about their chores and raising food they are gathering in militant groups, ready to throw down legal barriers if the just rights of a neighbor seem to demand it. Signs indicate that they are beginning to prefer organization to farming. Perhaps the farmer as he follows his team up and down the long dusty rows, gaining a fourteen-inch furrow each round, is thinking of the American paradox of hungry people and "surplus" food. Today if you want to make a farmer angry you have only to talk to him about surplus food or surplus farmers. He looks with disgust at the business leadership which can find no way of feeding the unemployed

with this surplus. That is why farm organizations are arising all over the country, calling conferences to unite wide areas on a common basis and laying plans for action.

The Farmers National Relief Conference, the first of these gatherings, assembled in Washington last December at the opening of Congress. To this extraordinary gathering, 250 delegates, in overalls, riding in trucks, came great distances, in some instances all the way across the continent. Each man was elected and financed by at least twenty-five farmers in his neighborhood. That farmers could become so interested in a four-day conference that they would hold meetings, get a truck and collect pennies for their delegate was something new. Even more extraordinary was the zeal of delegates who in cold weather would ride the weary miles from Oregon and North Dakota.

All this effort, expense and hardship had a simple purpose. Those thousands of farmers who sent delegates wanted to break down the barriers which keep them isolated. Aware that they are today paying for the privilege of raising food, they want to rally the great strength of their numbers behind a plan of action which will cope with their fundamental needs. This plan insists that foreclosures and evictions shall stop and that there shall be a moratorium on the impossible load of farm debts.

Every delegate at the conference

strongly supported the slogan "No Evictions" and loudly cheered the Nebraska delegate who described one of the first "Sears-Roebuck" penny sales. But when the debate on the proposal for a moratorium opened, there was some disagreement. A gray-haired Pennsylvania Dutchman gained the floor. "Folks," he said, "up to this time I have been with you. But now you are talking about not paying your just debts. I would rather lose everything than go back on my word. I have met my obligations all my life and I can't back this." From different parts of the floor many hands went up to challenge this position. The speaker was not criticized personally because it was realized that he was expressing an honest conviction, but all those who were present emphatically urged the need for a moratorium. Their arguments could be summarized: "It is not our fault that our income has fallen so tremendously. Today all our cash would only meet a part of our debts and we must keep some to buy necessities for our families. Our wives and children hold the first mortgage." At the end of the debate the Pennsylvania farmer rose once more to address a hushed audience. "I have been listening to what you say," he said, "and I now find that I agree with you. I therefore move the adoption of the moratorium." Through this man the voice of thousands of conservative American farmers could be heard altering life-long opinions which new conditions had upset.

Without embarrassment, but rather with an air of authority, these stolid men took their program to Congress and to high government officials, telling Congressmen and Senators of the misery on the farms and asking searching questions. One tall Lithuanian dairyman from Pennsylvania,

whose greatest difficulty is his English, became excited when talking with Vice President-elect Garner. He locked his big finger in Garner's buttonhole and waved a piece of paper before his eyes. "Look at my milk check," he kept on saying.

Returning to the conference hall, the committees reported the promises and statements made by a score of Senators, Representatives and others. Unimpressed by them and realizing that they must seek their own solutions, the farmers elected a permanent committee from their number and adopted this resolution: "If our duly elected national Representatives and Senators fail as did the local, county and State authorities, then we pledge ourselves to protect our fellow-farmers from suffering and their families from social disintegration by our united action."

As the delegates went home across the country over a hundred different routes, they held meetings of the farmers in the communities where they stopped and called upon them to join the campaign against evictions. Soon the papers were full of stories of how crowds of farmers were preventing sales and saving hundreds of farmers from expulsion from their homes.

"Direct united action" is the slogan which has been transforming farmers into organizers, speakers, leaders. The happenings in Nebraska are fairly typical. Last September, the farm holiday movement crossed over from Iowa. A meeting at Freemont elected the first holiday officers and agreed "to direct the action of the Nebraska farmers against the moneyed interests that are threatening the farm population with immediate ruin." Soon the holiday farmers were stopping sheriffs' sales, returning confiscated machinery and holding organization

meetings in every section of the State. In six months 25,000 Nebraska farmers had signed the red card of the Holiday Association.

By February, five months after the organization had started, the farmers felt strong enough to call a State conference at Lincoln to bring pressure to bear upon the State Legislature. On the appointed day, 3,000 farmers came in from all parts of the State, being joined by a few from Colorado and Wyoming, 500 miles away. Arm-in-arm they marched with 500 city workers of Lincoln up the main street of the town, singing songs and carrying banners. The crowd surged into Nebraska's skyscraper Capitol and filled the great legislative chamber where both the Senate and the House had convened in a special joint session to meet the farmers. Galleries and aisles were crowded; from behind the great pillars of the chamber rows of intent faces peered out, while the overflow remained in the rotunda. The farmers' spokesman, Jess Green from Tilden, came forward and read the farmers' program in clear, slow tones. "We farmers declare ourselves disgusted and in revolt against the 'leadership' of international bankers and other business men who in their mad scramble for profits have reduced the mass of the people to their present conditions of distress. These bunglers are now attempting to make farmers foot the bill by seizing their homes and property. We declare that we stand united and ready to block these attacks whether they are against us or our neighbors." The farmers answered him with cheers.

When the farmers had finished, Acting Governor Jurgenson rose and declared that, though the date for introducing new legislation had passed for that session, he would rule that the emergency made necessary the in-

troduction of a bill granting a moratorium on farm mortgages. "And I believe," he concluded, "that when this session adjourns the farmers of Nebraska will not be disappointed." Soon after the march of the farmers to the Capitol, Governor Bryan did introduce a moratorium bill which later became law. The bill declared that a state of emergency existed in Nebraska and that, under the police power of the State, a stay of action for two years was granted on all eviction or foreclosure proceedings. It added that if the mortgagee could prove "sufficient" cause, the judge need not order the stay.

Scarcely a week later, the first case came up. In Wilber, Neb., a farmer was threatened with foreclosure and applied at the court for a stay in accordance with the provisions of the new law. The judge, however, refused to issue a stay, although the mortgagee made no statement. By the day of the sale the news of the judge's action had spread through the countryside. In protest, 300 farmers surged into the sheriff's office, declaring that the foreclosure proceedings were illegal, but the judge swore in fifteen men as deputies and ordered a tear gas bomb to be thrown into the sheriff's office. The sheriff, meanwhile, had not requested the crowd to leave. Yet the bomb was thrown. Blinded by the gas, the farmers came flying out of the office, with the sheriff bringing up the rear. There was no return to the court house; instead, the farmers proceeded to a neighboring farm, where they held a wiener roast. On their way home, a few hours later, deputies' cars pursued them and arrested the leaders on charges of inciting to riot, later changed to contempt of court.

The arrest of these holiday leaders who were attempting to enforce the moratorium law aroused the farmers

of Nebraska and the neighboring States as nothing else could. Far from destroying the protest movement, as seemed to be the judge's intention, meetings for further organization and protest were held throughout the State. Even Sidney, Neb., 450 miles from Wilber, sent word that whenever the leaders would give the word truckloads of men would be ready to move on Wilber. At the moment this is being written, Harry Lux, one of the arrested leaders, is out on bail, pending an appeal, and is touring every section of the State. The watchword of Nebraska today is: "We're going to hang on to what we've got now. We'll support farmers and workers who are fighting our fights in other States. And we are going to run this State before we get through because we represent the majority of the population and we can't be stopped."

This attitude of disgust and defiance is spreading like a prairie fire. In North Dakota, farmers held a conference only a few weeks after the one in Nebraska. Again there was a march to the Capitol, but in Bismarck, since the Capitol has been burned, the State Senate meets temporarily in a theatre. The fifty members of the North Dakota Senate were surrounded by a crowd of 350 farmers. As in Nebraska, a farmer read the militant program which his group had adopted. "In a democracy," it concluded, "all power is rightfully ours. We propose to use it."

The reading of the program lasted about fifteen minutes, but during that time, by actual count, five of the fifty Senators closed their eyes and appeared to be asleep. When the reading was finished, the farmer chairman rose and addressed the Senate: "I notice that some of you listened to this program written by us farmers who

have come distances up to 250 miles to present it to you. I also notice that some of the Senators closed their eyes and went to sleep. I now call upon the farmers here present to sing a song and wake them up." Thereupon they sang "Solidarity," a song which calls for the unity of all farmers and workers. The Senators looked startled, for these singing farmers clearly meant business.

In Iowa there has been more fighting because the stakes are higher. Here the rich black land is still salable at a deflated price, to be sure, but still high when compared with the wheat lands. Nobody has much incentive to be possessed of Western North Dakota's wind-swept farms, which are good for little else but the raising of more wheat, every bushel of which will represent a loss. That is why the revolt of the Iowa farmers has flared out in open battles. This is the centre of the strike which has been in progress intermittently throughout the Winter and which now is spreading over the nation. For many weeks last Autumn the highways leading into Sioux City were patrolled by picketing milk farmers who were determined to boycott the dealers. City workers came out to the lines and fraternized with the pickets; farmers established milk distribution points in the city and for three weeks the unemployed received an adequate amount of milk.

Recently the outbreak at LeMars, Iowa, created renewed interest in the farmers' plight. For four months farmers had been coming into town on the day set for farm sales. On that day every month they would fill the court room and listen to the court officer read off the list of several hundred farms which were to be sold. After each item he would pause and look around for possible bidders. But

the crowd in overalls with its grim smile was there to prevent sales. Only once has there been a bid. On that occasion when the agent of an insurance company tried to put in a sealed bid, the crowd rushed him from the court house amid cries of "Get the rope!" But the farmers agreed that neither the bid nor the rope would be used.

Then came Iowa's moratorium law, which, like that of Nebraska, decreed a two-year stay of eviction or foreclosure action and left decision to the discretion of the judge. The spirit of the law was clearly to stop action in all but undoubtedly exceptional cases. Judge Bradley of LeMars, however, ordered sales to be held as if the law had not been passed. The farmers, most of whom might be foreclosed at any time, had believed that this moratorium law was going to protect them. For months they had been struggling to establish the fact that this was no time to throw farmers out of their homes; it had seemed that their fight was won until Judge Bradley began to destroy the fruits of their victory. This was the provocation which led to his being dragged from the bench by a crowd of infuriated farmers and the Governor's being compelled to declare martial law in Northwestern Iowa.

In other States the same kind of militant activity is going on. Michigan farmers have called a State conference at Lansing on July 3-4. There, too, farmers have been arrested at sheriff's sales and the criminal syndicalism law has been invoked. However, since the particular county in which the trial is to be held is bankrupt and the court is not holding any sessions, the farmers are out on bail. As in Nebraska, farmers are holding meetings in every part of the State and organizing for united action.

There is hardly a State where new

farmers' organizations are not springing up under a great variety of names but with a marked similarity in their programs. They call themselves Farmers' Protective Associations, Relief Unions, Home Owners' Leagues, Committees of Action, United Farmers, and so forth, but since all spring from a common distress, their demands are approximately the same. In general, they ask for: (1) A declaration that all foreclosures, seizures of property and evictions are illegal at this time; (2) a moratorium on farm indebtedness; (3) cash relief for certain distressed areas; (4) a drastic cut in the middleman's profits.

The first two planks are close to being realized. In many sections the campaign against evictions has reached the stage where farmers turn out to stop or control every sale that is ordered. In these regions nothing less than a large number of armed deputies or the militia can force through a sale and authorities hesitate to arouse a whole community by calling out troops. Moreover, farmers are planning to boycott the business of a mortgagee who pushes through a sale with the aid of guns and gas. No business man can afford to antagonize his neighbors, especially when the sale of a farm will in any case yield very little cash.

The moratorium on farm debts is now largely a fact, whether recognized by a statute or not. Farmers, however, want legal recognition so that the threat of foreclosure will be removed. Incomes are now so low that it seems ludicrous to hope to meet the \$12,000,000,000 which the Department of Agriculture estimates as the present aggregate farm debt. Testimony given by the farm income expert of the department before members of the Interstate Commerce Commission showed that even in 1930 the average

income for all farms in America, after all operating charges had been met, was \$175 for the year. "And what items is the farmer supposed to pay out of that \$175?" a commissioner asked. The expert replied: "His clothing, groceries, sending a son or two to college every now and then." Since 1930 the figures of income show a steep drop, so that now it is a safe estimate that the average farm shows nothing clear for living expenses.

The demand for cash relief appears in those places where families have neither funds, clothes, nor staple supplies. A family thirty miles from Philadelphia has no sugar and coffee because the cow jockey, tax collector and mortgagee demand the monthly milk check. There are great areas in the South and Southwest where the collapse of cotton has left the dazed farmers without funds. In the past, the Negro and white croppers turned to their landlords for advances to buy groceries; now they are told that no advances can be made and that they must try to subsist on their patch of land. This means undernourishment and distress over a wide area.

The farmers' attack on the profits of the middlemen is based on the great difference between what the farmer receives and what the consumer pays. Wheat farmers realize that they are getting 5-6 of a cent a pound for No. 1 wheat while the consumer is paying 8 cents a pound in the form of bread. Dairymen obtain 2 cents a quart for milk after deductions are made for basic and surplus milk, but the consumer pays 10 cents. To the farmer it seems to be a fundamental injustice that profits for the middlemen have on the whole been maintained during this period of falling prices.

But how can farmers enforce a cut in the middlemen's spread? In most crops they face a few great companies

with national affiliations which exert the controlling influence on the price structure. The farmer answers with a strike. In Iowa, Wisconsin, upper New York, and in York, Pa., strikes have occurred. This year, for the first time, there are plans for a national farmers' strike. But farmers state emphatically that this is not to be a starvation strike for the city workers. In Wisconsin they delivered food to hospitals and institutions. In Pennsylvania farmers preparing for a strike in the Philadelphia milkshed declared that the interests of the city consumers must be carefully guarded. In this region workers have supported the farmers at sheriffs' sales. In May a strike among the hosiery workers of Allentown, Pa., received the enthusiastic support of the farmers.

That is another of the great changes in the farmer's attitude. He is seeking allies in his struggle and he sees a powerful one in the city consumer. Many times the farmer has obtained a rise in price from the middleman which has usually been passed on to the consumer. Such a practice the farmer resents, for he believes it means a loss of market through raising the price to consumers and that it is being used as a bribe to betray the other great group in the population—the city workers—that is fighting for a fair share of the nation's wealth.

Throughout the land the farmers are growing more militant and determined. Many now feel that so long as 15,000,000 workers remain unemployed, there can be no real recovery. For this reason, in many sections the talk about a national strike is turning to a joint and general strike of farmers and city workers. The phrase of the Nebraska farmers expresses the new mood: "Disgusted and in revolt against the 'leadership' of business men."

II—The Dawn of a New Hope

By CHARLES M. HARGER

[Since 1888 Mr. Harger has been editor of the *Abilene Daily Reflector*, Abilene, Kan. He has been postmaster of Abilene, a bank director, has served on State commissions and is chairman of the State Board of Regents.]

WITH the Spring of 1933, a measure of hopefulness has come to the farm country. The producer, who has been in turn discouraged, resentful and, in instances, revolutionary, has halted to take stock of his position and, with the stiffening of the price level of basic products and the enactment of legislation setting up a new agricultural policy, he has visualized a return to his old-time financial stability.

As he reaches the end of the four-year period of acute stress, the farmer and his family find themselves in a new state of mind. They have undergone experiences not duplicated in this generation, involving not only drastically decreased resources and income, but ways and means of meeting untoward conditions. When wheat left the farm at 25 cents a bushel, far below any possible reduction of cost of production, the effect was to upset the family budget. The first impulse was to stage what was in effect a buyers' strike, to do without commodities, to wear the old clothing, to repair worn implements and make them serve. The country merchant felt the blow and trade languished to a degree that brought widespread disaster in the towns.

But this was not enough—the budget remained unbalanced. The bank was the next point of attack. If the inter-

est were paid, the note itself could remain. Other far more important concerns than the farmer's were receiving moratoria—why not he? The banker could do little but acquiesce. He could not afford to enter on a wholesale series of foreclosures; neither could the mortgage company, and so it, too, extended leniency to the utmost. Thus far the farmer was master of the situation. He took some satisfaction in the thought that nothing could be done about it and that he was in a position to make his creditors wait.

Taxes came next. These had reached preposterous heights. New school-houses, new court houses, concrete roads and bridges, mounting salaries for teachers and all sorts of officials took an increasing toll of the farmer's earnings. The farmstead was assessed for more than it would bring in the open market. He determined to clean house along this line. The results have been startling. From the humblest school district to the State government, along the entire list of employees—janitors, firemen, Mayors, county officers, college faculties, Governors—nobody was spared. Appropriations in the Legislatures were curtailed by farmer votes; school teaching staffs were reduced in number and in salaries; one State went so far as to enact legislation compelling every taxing unit to do business on a strictly cash-and-carry basis—that is, it must issue long-term bonds for any obligations outstanding and thenceforth was forbidden to pay any salary or debt

unless a sufficient balance was in the treasury.

All this was born of a firm resolve to live within the means of the home and of the community. Some objected and charged that public service was being crippled, that education would suffer, but the farmer element was obdurate. Taken in connection with the reduced valuation of his property, the tax burden has been lowered 25 to 50 per cent in practically every taxing unit. Even bond issues, with their presumably fixed interest demands, have not been exempt, since in certain instances coupon payments have been delayed, even as in the case of realty mortgages.

The farm country feels that it has made a sound beginning. It realizes that when conditions improve there doubtless will be—and perhaps should be—a reversal of its close-parsing policy, but it has a profound satisfaction in having had the courage to come down to earth, as it is frequently expressed, and to face the facts. Patently the farmer has been the greatest influence for readjustment. In the Legislatures and in town meetings he has said his say; he has refused to be led and, holding stanchly to his plan of retrenchment, has compelled action. This does not mean that there has been opposition from business or urban interests, for they, too, have been glad to decrease taxes, but the impetus has come from the rural districts, where for the past three years there have been earnest discussions of methods for keeping the inevitable overhead within bounds.

The farmstead has not been unhappy all this time. The frequent picture of the producer spending his days in wailing and suffering is too highly colored. There have been days and nights of worry, to be sure. Many a farm has been taken over by credi-

tors; many a need has been unfilled, but on the whole there have been a morale and a self-reliance deserving of praise. The farmer is not ignorant of assets and liabilities; neither is he, as a class, inclined to blame somebody else for his own troubles. He knew when he mortgaged his homestead to buy more land that he was taking a risk. What he does resent is that the dollars he promised to pay were so difficult to obtain with products whose price sank to a market level unknown in this century. He regrets his inability to meet obligations, but is fully convinced that his creditors are better able to wait than he is to sacrifice hard-earned possessions.

Something more than arithmetic to lower costs of operation has been a part of his program. His social life has been affected, and, taken as a whole, he has had not only less pleasure for himself and his family than heretofore, but it has been of a much modified character. The new car has been foregone—repairs have made the old one serve. The pleasant habit of motoring to town to buy bread and cake at the bakery has been given up; home cooking has been resumed. More attention has been paid to the dairy and the poultry yard with surprising results in supplying essential needs. It has been found perfectly feasible to till and sow with horse power instead of tractor power. The picture show, even with reduced admissions, could very well be omitted, though it is notable that it yet has a considerable rural clientele. Group dinners, like the church supper, which were formerly served at 50 cents a plate, have given way to a buffet service for a third of that sum.

If any evidence were needed that the farmstead has maintained itself and that the family has been able to subsist without serious deprivation,

it can be found in the numerous sons and sons-in-law who, with their families, have returned from the city to a place where a square meal is always available. The farmer's family may limit its luxuries; it may regret loss of some easy spending, but it does have food and clothing and its everyday budget can be made to balance, unpleasant though the experience may be. The capital obligations may wait; the banker may be unpaid, but the larder has its supply, which is not always true in an industrial community.

The psychology behind the demonstrations staged in farm areas is not difficult to understand. Primarily it demands an audacious leader who, quick to seize upon a spirit of unrest, is able to induce the discouraged producer to undertake some method of retaliation for his fancied ill treatment. It must be clear that without a general movement—impossible because such leadership is local—no permanent benefit can result, even though temporary gain may be recorded. The "Buy Nothing, Sell Nothing, Pay Nothing" slogan has no appeal for the average producer. He is not uninformed as to national and world affairs. He has listened to every speech made over his radio; he has his newspapers and has discussed elementary economics at the schoolhouse and at the public vendue. He knows the fallacy of violence as a corrective of price levels and any indulgence therein may be set down to being more a sign and a symbol of resentment than a serious expectation of remedy.

But the farmer, despite his reading, the nightly outpourings of his radio, conversations with the local banker and occasional addresses by itinerant lecturers, is not exactly clear as to what much of the new farm nomenclature means. In relation to himself, the

utterances of politicians regarding debenture plans, allotment plans, taxes on processing, the gold standard, currency inflation and similar topics have no very definite meaning. That is to say, the farmer considers economics from his personal point of view and his own situation. Thinking in terms of national movements is not his forte; above all, the farmer of mature years is naturally an individualist. When informed that some government official is to tell him how many acres of corn he may plant he begins to stiffen and to declare that he will run his farm as he sees fit. This was manifest when members of the Farm Board toured the wheat belt in the early days of that unfortunate experiment and told the grain raisers that acreage should be reduced or prices would fall. Not alone the producers but Governors and other statesmen replied that there was a God-given right to a man to plant as he would—and the acreage was increased and there was an added surplus of grain to depress the markets.

That lesson has to a degree soaked into the farmer's mind. He is more willing to listen to statistics. Three years of low prices have brought a softened attitude and it is likely that any system promising betterment will be received with gentler greeting than was the government's first effort. However, his very individualism evolved courage and faith and strengthened his grip on the factors at his command. He was determined to see it through somehow. That sounds like the story of a crusader, but after all many a farmer has resembled a crusader during these years of trouble.

Deep in the heart of the farmer are two desires—to pay his debts and to enjoy larger freedom in current ex-

penditures. Firmly is he determined that if once he can come square with the world, never again will he dream of notes or mortgages. It is a beautiful thought but that dream may return. As in the past, he will find opportunity at his door if he will but answer the knock. Maybe he will not incur capital debt in this generation—though that is not so certain—but at least in the next. The farmer has made his best profits on credit and in normal times can do so again—if he will keep within safe limits.

When he reviews the experiences of the past half dozen years he is fertile in explanations—but principally the deflation of his markets arouses his ire. He does not pretend to analyze the reasons though he firmly holds a resentment against the multitude of statutes which have not seemed to improve his position. Somehow he feels that the government, had it made proper effort, could have prevented the decrease in his income—regardless of the extraordinary attention Congress has given to agricultural problems for many years. Offhand he will tell you he is for inflation, but he understands inflation to mean only higher prices for his products, not correspondingly higher prices for manufactures. He has, however, a firm opinion that through inflation of the currency he can liquidate his debts and is certain that once that is accomplished he can manage affairs successfully. Such is the basis of the inflation movement in the agricultural States.

One factor frequently overlooked in discussing the problems of the agricultural area is that a new generation is well on the way to control of production. The youths of wartime are grown men and are taking the place of their fathers who were pioneers and early settlers. This

group comprises a vast number of graduates of agricultural colleges; they are the backbone of the Farm Bureau organizations reaching into every county, promoting systematic methods of crop and stock raising. This group is not radical; it has been educated and trained in farm efficiency. The limitation of income, of course, affects its members as it does others, but they have found ways and means to combat the seepage of profits by waste and have developed new methods to improve marketing. Regarding the land as both factory and home, had they been in control during the days when price levels were high, there might have been a far more stable prosperity than was actually attained. Whether or not they are less liable to be led into land and cattle speculation and kindred dangers to the financial structure of the agricultural community remains to be seen. They have not yet been tested, but they do have the equipment which should enable them to chart a fairly safe course.

One influence for a steadier outlook and a better understanding of farm life has come through the necessity for family labor. In prosperous days, every farm had one or more hired hands. For three years the work of the farm has depended on the owner and his sons—and even upon his daughters, for many a farm girl has driven a combine or tractor plow with as much ability as a man. It has reduced expenses, has brought back something of the old-fashioned home life which well-nigh had been forgotten in the halcyon period of easy living. The closer-knit family life and the mutual dependence growing out of it is not to be despised as a basis for citizenship. When to it is added the constant impetus toward scientific management given by the

boys' and girls' clubs whose membership runs into the hundreds of thousands, it all makes for a more intelligent farm population. Upon this younger group will fall the burden of carrying out the new agricultural program embodied in the recently enacted Farm Relief Law.

Adversity has not changed materially the inborn individualism of the farmer who built the agricultural States. It was generally believed that under the stress of conditions he would be amenable to organization and cooperation and would present a united front in both economic and in political action. Nothing of the kind has happened. Cooperative marketing organizations have increased, to be sure; political action has been influenced by farmer sentiment, but the mass of the farm population still thinks and acts on its own.

The Non-Partisan League which a decade ago swept a farmer-managed administration into power in the Dakotas has declined; the Iowa uprisings and demonstrations have had but mildly interested observers in other farm States. The producer today is giving more time to studying soil-replenishment and better live-stock breeding than to passing resolutions. Strained finances have not brought any such agrarian uprising as has been frequently predicted. The average farmer is thinking in terms of his own problems and, though willing to join in any undertaking that seems likely to lift him out of debt and to a higher plane of living, he is not rushing madly after every self-appointed Moses who arises to seek a following.

Normally it is reasonable to expect that the producer, afflicted as he has been by so long a series of untoward events, would have a definite theory of what should be done to bring relief. With all his experience and study,

he should be able to point to a possible path to plenty. He has no such panacea. When the farmer discusses finance he deals in local conditions. He declares that the mill or the creamery, if it would, could pay higher prices for his product, regardless of the fact that the mill and the creamery are probably borrowing more heavily than he. He knows there are such things as world markets, but the ungainly elevator at the railway station is larger to his eyes than the coast line of Europe. When he attempts to formulate a plan that might bring better live-stock markets, he thinks first of the nearest stock yards. For the most part he is convinced that if he were closer to the consumer he would thrive, and this has been the basis of some disastrous undertakings in the world of trade.

For years the farmer believed that the local merchant made enormous profits; in hundreds of instances, therefore, farmer-owned food stores, lumber yards and implement houses were established to distribute that fancied advantage among a rural proprietorship. One by one the ventures collapsed until few of these ambitious concerns remain. When the hopeful owners paid the losses they realized that every form of merchandizing demands special training and that the golden returns so confidently anticipated did not exist. Out of this experience, in which nearly every well-to-do farmer has at some time shared, ought to come a clearer understanding of the business world's risks, but the lesson, like others, is somewhat dimmed by the strained financial years through which he has just passed. So the local business man continues to be looked upon as a favored citizen.

Perhaps the theory most commonly enunciated is that price levels for products should be stabilized at a

point where profit would be insured. Yet, though basically the farmer is for price-fixing, he shies at control of production which necessarily accompanies such a program. In other words, he would have his cake and eat it, too—without any certain idea of the method by which it can be done. If he could be assured, he explains, exactly what would be the market for grain or live stock—particularly the latter—six months or a year ahead he could plan intelligently. Upon this he has a positive conviction and the new deal in agriculture, which he expects will bring about such a desired result, will be welcomed, provided it does not infringe too heavily on his right to manage his farmstead in his own way. The success of the plans in prospect will depend largely on the acquiescence with which he bows to the orders of Federal and State authorities.

He voices, too, a demand for a more stable banking system. Farmers have been stockholders and depositors in every rural bank that has suspended. The glamour of being on a board of directors has faded as assessments have been paid to keep the bank open or to meet losses after it was closed. The desire for a bank, or perhaps two, in every village is no more. What the farmer now wants is to keep out of the banking business and to have a depositary that he knows is safe and that has facilities to care for him when he needs capital to carry on special activities. But bankers may manage the bank; it is not the farmer's calling.

Thus, whatever the farmer's information as to world affairs and his comprehension of national policies, when it comes actually to setting up a plan for betterment he reverts to his immediate concerns and his local contacts, building whatever remedy he conceives upon such foundation. With

his upbringing through the years and his habit of acting for and by himself no other course should be expected of him.

Nobody logically expects a return of farm prosperity by a miracle of a day or a month. The downward trend of farm values began in 1920. The worth of farm lands has decreased slowly to half the figures at the end of the war. The price level of products was declining long before the débâcle of three years ago. The burden of debt will continue many years and the income of the land must liquidate it from profits—after current needs are met, after replacements long overdue are made, after whatever possible rise in the scale of living is satisfied. But the picture is brighter. Since mid-winter the markets for grain prices have increased nearly 100 per cent; live stock reached new highs for a year. Ahead is an experiment unique in the nation's life, intended to bring stability to the income of the producer and assure him of a profit on his undertakings. The farm debt is to be rewritten on more favorable terms.

Today it is a vision, a belief that the ebb of farm distress is past. The very fact that the vision and the hope exist has served to lessen the fear, long hanging over the farmstead, and to strengthen the faith of the owner. He is not foolish enough to anticipate a sudden lifting to riches. What he does desire and what he fervently seeks is a chance to make his own way by hard work and careful planning. That he has not had that chance for four years, no matter how long his hours afield, has been the basis of his grievance. Now he sees a light—an opportunity to rebuild his patrimony and thereby regain his self-respect as a solvent citizen, obtaining the comforts and pleasures to which he has a right.

Gomez: Dictator of Venezuela

By ROBERT NEVILLE

[The writer of the following article spent more than a year in Venezuela gathering material for a biography of President Gomez which will be published in the Autumn. Previously he had been for eight years a correspondent of *The New York Times* in Paris, Geneva and Madrid.]

No dictator of recent times has had such a long or successful reign as General Juan Vicente Gomez who for nearly a quarter of a century has been the supreme and only power in Venezuela. He is, indeed, the dean of dictators, the dictator *par excellence*. Yet he has served as President for only about half the period of his long sway. His first term was from 1909 to 1913, his second from 1922 to 1928, when he retired, though retaining his position as Commander-in-Chief of the army. Then, at the age of 74, he was again elected President on June 19, 1931, by the unanimous vote of the Venezuelan Congress, for a new term of six years. Although that body was composed of his own hand-picked nominees, there was another reason than that for his being reinstated as Chief Executive with the formalities and red tape he abhors. He has indeed no desire to tear himself away from the quiet life he has always preferred on the extensive experimental farms which he has developed in the Aragua Valley about sixty miles from Caracas, the capital.

Other dictators have risen to power with the aid of armed force, but Gomez triumphed single-handed. In 1909 he was Vice President while the President, Castro, was in Germany under medical care. Castro will

be remembered as the greatest international nuisance of the century. Having debauched Venezuela that he might satisfy his insatiable desire to dance, he repudiated the nation's debts and defied the powers of Europe. As the only sane element in the government of this megalomaniac, Gomez was invited to power not only by demonstrations of the public, but by whispered appeals of the plenipotentiaries of outraged foreign powers. When Gomez finally decided to act, he consulted no one and confided in no one. Strolling alone one Winter's morning to the barracks in the capital, in charge of which Castro had left his nephew as a precaution against any attempt at an overturn, Gomez arrested the nephew in front of the latter's armed followers. Then, returning to the Presidential mansion, he slapped the face of the first official who dared raise his voice in protest. This coup threw out of power all Castro's followers. Castro himself, when he rushed home from Europe, was not permitted to land. Gomez's official position did not change until the following May, when he was constitutionally elected President.

Gomez was in power, but his troubles had only begun. For a hundred years Venezuela had been torn by revolutions. It is said that there had been seventy. The people were bred to the idea of power by revolution. Each of the twenty States had their political families and political bosses. If one of them was not satis-

fied with the treatment he had received from the government, he ordered his followers to sharpen their machetes and start to march with him on the capital. On the way they were joined by other malcontents or else by people who loved fighting for its own sake. This system had almost exhausted what little had been left by the revolution of independence in this once most prosperous of all Spain's colonies. Civil strife had kept the population practically at a standstill; with an area of 398,594 square miles, Venezuela even today has hardly more than 3,200,000 inhabitants.

General Gomez's reply to the menace of immediate dissension was the *Causa Rehabilitadora*, the only political party which was to exist henceforth in Venezuela, and a polite ultimatum to all political aspirants that they could accept worthy positions in that party or take the consequences. With one exception, every man of political importance in the country linked his destiny with that of Gomez, and without exception these men served him faithfully. Andrade, a former President whom Gomez had helped Castro to depose, became Minister of the Interior, the most important member of the Cabinet, and served Gomez in that capacity for ten years. Andrade's son became one of Gomez's aides-de-camp and later a son-in-law. It was in this fashion that Gomez paved the way for his long administration.

There was only one problem that Gomez was not able to solve—the problem of friends. The Constitution provided him with five advisers, and the friends that he placed in those posts caused him more trouble than did all his enemies. Finally he appealed to the president of the Supreme Court, Dr. Pedro Arcaya, now Minister to Washington, to help him. Dr.

Arcaya changed the Constitution and abolished the posts of advisers. The friends were furious. Several of them went immediately into exile, and, from writing eulogies, they turned to bitter propaganda against the General.

Some five years ago General Gomez tried an experiment. He is an Andino, a native of the Andean Mountains, and for twenty years he had been carrying on the government principally with the aid of followers from the mountain district which had borne him. Having decided to escape from the Presidency, he selected for that post a man who was representative of the centre of the country, Dr. Juan B. Perez, a lawyer of high social and professional standing in the capital. General Gomez gave him a free hand, stipulating only that he fulfill the program of the *Causa Rehabilitadora*, or rehabilitation cause, which he had laid down a score of years previously.

But in three years Dr. Perez not only spent the greatest aggregate income realized in the history of the government, but he drew \$13,896,000 from the treasury surplus which Gomez had carefully built up. Faced with a sudden drop of nearly 50 per cent in the national revenue, caused by the curtailment of oil production and the general effect of the worldwide economic crisis, Congress became alarmed for the financial security of the country. Twice before they had voted for Gomez's return and he had refused. They voted again and made the appeal so pressing that he accepted.

Within a fortnight of taking office Gomez had balanced the budget within the lowered income, using red ink to do it, but not cutting one penny from the appropriations for public works. Furthermore, he informed the Ministers that they must make further economies within their departments.

The result was a favorable balance at the end of the year of \$3,500,000.

A year ago General Gomez's annual report to Congress showed that during the fiscal year the government not only had lived within its income, but had added \$3,474,000 to the national treasury surplus. Not only was Venezuela one of the very few countries in the world with a balanced budget or a treasury surplus; there were no income taxes and the other taxes were the lowest in the world. Venezuela, moreover, had no foreign debt, although twenty-five years before she had had one of the heaviest per capita in the world and her President had caused a furor abroad by repudiating it. Gomez had paid it all, some \$30,000,000, and at the same time redeemed all but \$6,000,000 of the internal debt.

This year again, according to an announcement on May 1, the government is in a flourishing financial condition. General Gomez, in his annual address to Congress, on the convening of that body, stated that the government had continued to live within its income and had added another \$1,000,000 to the treasury surplus, bringing that sum up to \$13,500,000.

Gomez is by way of being an empire builder. He has given his country its first modern roads, nearly 4,000 miles of them, thus bringing about social and economic unity for the first time in its history. The two-day trip to the port that lay only six miles from the capital, across a mountain, he reduced to one hour; the three-month trip to the Colombian border was cut to three days; Calabozo, which lay in the heart of the great interior plains, a fortnight away from the capital, was brought within a day's journey. A country which had never seen an automobile in 1912 now has 30,000 speeding on its roads in every direction,

interchanging the products of districts which previously had never been in communication with one another.

Other achievements are to be placed to the credit of Gomez. He used his dictatorial powers to force food prices down in keeping with lowered prices abroad. He prohibited certain imports and taxed others to reduce the country's unfavorable trade balance and restore the value of its currency. He inaugurated horse-racing and built new bull-rings in order to stimulate interest in the breeding of live stock. He gave his country excellent exterior communications. He put the army planes to work carrying the mails. And finally he ordered a desolate bay to be transformed within a year into a modern port, capable of receiving the world's greatest ships.

On the other hand, General Gomez has been accused of many injustices, but the truth about them is not likely to be known until after his death. If they are found to be real, they will no doubt have to be weighed against the great services he has rendered his country. Of one thing there is no question: he is a patriot. Moreover, he believes that he has a mission to the future for which Venezuela was destined before internal dissension stopped progress. Both his sincerity and confidence impress even strangers. His figure is a promise of fulfillment of his words. Only slightly gray and immaculately groomed even in khaki, his eyes menacingly alert, his jaw lean and his chin firm, dynamic even in repose, he showed, the last time I saw him, no more than sixty of his seventy-five years.

There is a feudal air about General Gomez's court at Maracay, where he has built a citadel at the commercial and military crossroads of the country, but he himself is patriarchal. It has been his task to rehabilitate

Venezuela, to push it across a gap of a century and a half of lost progress. In his eyes the population of Venezuela is one great family and he treats everybody as he does the members of his own family. That does not mean that all have the same opportunities that members of his own family have. Perhaps it might be better to say that he treats the members of his own family as he treats everybody else.

General Gomez sent one of his sons to prison for two years on the complaint of the father of a girl. He exiled another son for a year to a distant ranch for demanding credit from trades-people. He exiled his favorite son to Europe after he had trained him for twenty years to follow in his footsteps and continue the program of rehabilitation. He removed his half-brother from political life for five years because he had shipped gold to Curacao during a moment of political uneasiness. He took from the keeping of his cousin all stores of arms and munitions when that cousin displayed a curious faculty for knowing whenever the General was physically indisposed. The same barrier of discipline and restraint separates General Gomez from family, friend and foe. No son, grandson or nephew would dream of taking a decision without informing him of it.

The moral ascendancy that General Gomez has over Venezuelans is tremendous. Part of it is due to personal force, part of it to mental agility, part of it is legend. He was never schooled except in reading, writing and figures, and that was in the fields under the tutelage of his godfather while he watched the herds; but his brain has never been idle. Where book knowledge might have been stored, there is a deep knowledge of human nature, a tenacious memory for faces,

of facts and of places. He sees everything and forgets nothing. When two engineers disagreed as to the point at which the Trans-Andean highway should cross a certain mountain range, he picked up a pencil and traced from memory a better route than either had selected. When Urbina, the would-be revolutionary, landed on the coast of Falcon with two hundred Mexican followers, Gomez directed the successful movement of his troops by telegraph.

The Gomez legend dates from his first campaign with Castro. According to the story, he awoke one morning and declared that he dreamed that the enemy were in force at La Puerta, the gateway to the plains where Bolivar was twice defeated, and that he had fought and defeated them. Scouts whom he sent out located the concealed troops; and Gomez attacked and defeated them. The popular belief in his possession of power approaching the occult is partly responsible for his success. But he owes much more to his long training of mind and eye, his constant observation, his careful study of problems and long consideration of details.

The infidels ascribe his success to luck. "The luck of Gomez" is a common expression in Venezuela. But he himself ascribes all success to Providence; and he never leaves his room without first praying to one of the several holy images that adorn the walls. Nevertheless, he believes the number thirteen is lucky; and his attitude toward trees makes one feel that he is superstitious. He has passed the most rigid laws governing the conditions under which trees may be cut. His national highways make astounding detours to avoid trees, and when the present home of his family was being built he had all the plans altered at the last moment in

order to save a small gardenia shrub which might easily have been transplanted.

Power has given General Gomez a royal bearing; but at heart he always is a herder. That is the reason he lives in Maracay. There he has turned thousands of acres of sugar land over to pasturage, and in these pastures he crosses the blooded stock of Europe and North America with the native breeds, determined to produce a type that will bring Venezuela, with her great interior plains, back to her rightful position among the world's great cattle countries. A century ago it was estimated that there were 10,000,000 head of cattle in the country. Then tick disease decimated the herds and malaria swept across the plains and wilted the hardy plainsmen. Today General Gomez is fighting both diseases. Cattle, too, is the reason that he fixed his private capital at Maracay. It controls the traffic to and from the plains just as it does the traffic to and from the Andes. He is building the new port of Turiamo for the same reason: the plains must have an outlet to the sea if they are one day to compete with the pampas of the Argentine.

When oil was discovered in Venezuela there was a great agitation to reserve it for national exploitation. But General Gomez thought otherwise. Cattle was the country's real business, its future. Oil was a gift from Providence; it should be treated as such and not made a national risk. Accordingly, he promulgated what American oil men term the fairest oil laws in history. These laws have brought \$750,000,000 of foreign money into the country, and given it a prosperity never dreamed of before.

Gomez's enemies assert that all that he has done for the country he has done with oil. But that is patently

untrue. During the ten years of his régime before oil was discovered he had paid off \$9,000,000 of the national debt, spent \$13,000,000 on public works and put \$7,000,000 in the treasury reserve. To date he has spent nearly \$200,000,000 on his rehabilitation program, which is almost twice as much as the government has realized from oil, directly or indirectly.

Yet Venezuela is still far from being a paradise. Gomez himself says that his work is only half done. So far he has given the country peace so that it may labor and means of transportation so that it may market the products of its labor. He also has given it freedom from debt which means freedom from taxes and greater profits from labor. With his experimental farms he is trying to show his fellow-countrymen how to realize a maximum from their efforts. He is encouraging them to improve their breeds by interesting them in racing. He is exhorting them to balance their crops so as to have a market for their produce in the interior of the country and reduce imports. He is protecting industries and is personally investing heavily in them. He has given the country the chance for a greater future than any other South American country except Argentina and Brazil. If the people avail themselves of this chance, Gomez's place in Venezuelan history will be second only to that of Bolivar. Perhaps the Liberator and the Rehabilitator will stand on the same level.

Whether personally good or bad, Gomez has unquestionably done good. It is fortunate for Venezuela that he had no schooling because, as he said in answer to a friend who tried to console him on his lack of book education: "If I had gone to school I would probably be a school teacher today."

Why Have Progressive Schools?

By JOHN DEWEY

[As a distinguished contemporary philosopher and the father of the progressive school in America, Dr. Dewey needs little introduction. Since becoming Professor of Philosophy in Columbia University in 1904, he has made many contributions to modern thought, one of his most recent books being *The Quest for Certainty*. His article continues the discussion of progressive schools begun by Claude Moore Fues in "The Promise of Progressive Education" in April *CURRENT HISTORY*.]

ONE of the commonest charges brought against the progressive schools and schoolmasters who advocate modern methods is that they express the aims of their kind of education in vague and general terms. What they say sounds well, but what does it mean?

What is any education for? Let the reader try to answer this question. He will evolve a generalized formula much like those of the specialists. However definite his own picture of what he means may be, the words he uses will be capable of as many interpretations as he has listeners. This is as true of the statements of the aims of old-fashioned education as of those of the most advanced schools. Some of the shortest and simplest answers are: A preparation for life; to learn to live; to give the child what he needs, or will need, to know; to develop good citizens; to develop well-rounded, happy, efficient individuals. Can the reader point to any one of these and say with confidence, "This belongs to the new," or, "This rules out the new?" No, not of these, nor of any other definitions of the purpose of education. He cannot because the differences of opinion about what

education should be lie, not in the purpose of education, but in personal views about people and society.

The purpose of education has always been to every one, in essence, the same—to give the young the things they need in order to develop in an orderly, sequential way into members of society. This was the purpose of the education given to a little aboriginal in the Australian bush before the coming of the white man. It was the purpose of the education of youth in the golden age of Athens. It is the purpose of education today, whether this education goes on in a one-room school in the mountains of Tennessee or in the most advanced progressive school in a radical community. But to develop into a member of society in the Australian bush had nothing in common with developing into a member of society in ancient Greece, and still less with what is needed today. Any education is, in its forms and methods, an outgrowth of the needs of the society in which it exists.

No one is surprised that the educational methods in Soviet Russia are different from those here. That other methods will develop in a Hitlerized Germany is easy to understand. Yet even within two such rigid and controlled societies as these two countries are at present striving for, there is and will be experimentation, discussion and difference of opinion among teachers as to the best methods of developing members of those societies. There will be satisfied parents and dissatisfied parents. There

will be happy children who like the schools and adjust to them easily, and children who do not adjust and whose difficulties are blamed on the schools.

The Australian aboriginal, the Athenian, the Soviet citizen, the Hitlerite had, or have, societies that can be defined in definite terms; the aims of which, whatever we think of them, can be recognized by any one. Accept these aims and there will be comparatively little difference of opinion about the kind of education that should be given youth in any one of the societies. In our American democracy aims have, until recently, been stated in terms of the individual, not in those of the society he is to be educated for.

In the early days of education in this country all that seemed to be necessary for the attainment of the ideals of democracy was to give every child an equal start in life by furnishing him with certain fundamentals of learning, then turn him loose and let him do the rest.

The little red school houses of the country were started with a curriculum that did just this and no more. Higher schools of learning were not thought of as general educational institutions, but as strictly professional schools where ministers, lawyers, doctors and teachers learned the technical facts they needed for the pursuit of their vocations. This system of education worked, not because it was an inspired program for assuring the workings of the ideals of democracy, but because life was simple and the country offered almost unlimited opportunity for the individual. Life centered in the home. There, or in a neighborhood shop where his father worked, the child saw the industries of the country being carried on—baking, canning, dressmaking, farming,

carpentry, blacksmithing, printing, wheelwrighting and so on. There, by taking part in the daily life, he learned habits of industry and perseverance and imbibed his ethical and moral standards. The small homogeneous community life of the early days enabled him to learn civics at first hand, through seeing and hearing about the running of his own town. There were space, air, fields and trees everywhere accessible, so that his play needed no specialized facilities and supervision. The only opportunities that this sharing in the life of the home and the village did not offer were for "book learning"—the Three Rs. The child went to school to learn to read, write and figure. His life outside school gave him the rest of the training he needed.

Then life began to change. The things once made at home were now made in factories and the child knew nothing of them. The inventions and discoveries in science brought railroads, the telegraph and telephone, gas and electricity, farm machinery—a host of things about which one could not really know without far more training than was given by mere practice in using the finished product. Industrialization brought the big city, with its slums and palaces, its lack of play space, its sharp distinction between city and country. Finally it brought the automobile, the movies and the radio, with their enormous influence in taking the family out of the home and making even the little child much more part of the great world than had ever been dreamed of in the past.

These changes did not happen all at once. If they had, perhaps it would have been necessary to scrap the simple curriculum of the first schools and begin afresh with one that recognized all these new and tremendously dif-

ferent factors at once. Instead, what happened was that gradually, as one new need was felt, a new subject was added to the course of study. The simple device of teaching reading, writing and arithmetic through the medium of the new subject did not occur to any one. Even literature and reading, and penmanship and writing, became four separate subjects. The great increase in leisure and in the well-to-do classes made its contribution, too, to the number of subjects taught. Parents began to demand that schools teach some of the things that would enrich the use of leisure, some of the things that it would be nice to have children know, as well as the things that were necessary to enable the child to get along in the world. Thus art, music, dancing, French, and so on, were introduced into the schools. The growth of wealth and leisure also enormously increased the number of pupils in the schools of higher learning. Gradually the academy or preparatory school and the colleges ceased to be merely places for technical training and became places where one might go to go on being educated more or less regardless of what specific thing one was being educated for. And these schools, too, added more subjects to their curricula as the number of students and their demands increased.

Just as subjects were added one by one to the once-sufficient Three Rs, so the methods that had been adequate for the three continued and were used unchanged. When the child's educational life, in the larger sense, was lived at home, what he needed was practice and drill in the Three Rs, so that he could take them home and use them. So the new subjects were taught by drill, whether the home he would take them to offered any opportunities for their use

or not. If these methods were not as successful with the new subjects, the fault lay not in the method but in the fact that because these subjects were new they were frills, lacking in the inherent disciplinary value of the old fundamentals.

The science of individual psychology began to develop after the enrichment of the curriculum was well on its way, so that the two developments went on in parallel lines touching almost not at all. The discoveries of the former about the way people learn, about individual differences and the interrelation of effort and interest, were unknown to schoolmasters, or were thought of as too newfangled for consideration. It was a little as if no one had been willing to put radios on the market because it was obviously an absurd idea that sound can be transmitted for vast distances through mountains and brick walls without special means like wires. And although these psychological discoveries are many of them as well established today as the facts of the radio, they are still temperamentally abhorrent to a great many schoolmasters and parents. A great many others are willing to admit them when stated in general terms, but feel the strongest emotional reluctance to giving children the benefit of them by applying them to teaching methods. In brief, these three discoveries may be stated as follows:

1. The human mind does not learn in a vacuum; the facts presented for learning, to be grasped, must have some relation to the previous experience of the individual or to his present needs; learning proceeds from the concrete to the general, not from the general to the particular.

2. Every individual is a little different from every other individual, not alone in his general capacity and

character; the differences extend to rather minute abilities and characteristics, and no amount of discipline will eradicate them. The obvious conclusion of this is that uniform methods cannot possibly produce uniform results in education, that the more we wish to come to making every one alike the more varied and individualized must the methods be.

3. Individual effort is impossible without individual interest. There can be no such thing as a subject which in and by itself will furnish training for every mind. If work is not in itself interesting to the individual or does not have associations or by-products which make its doing interesting, the individual cannot put his best efforts into it. However hard he may work at it, the effort does not go into the accomplishment of the work, but is largely dissipated in a moral and emotional struggle to keep the attention where it is not held.

The progressive education movement is the outgrowth of the realization by educators of the fact that our highly complex, rapid, crowded civilization demands and has been met by changes in school subjects and practice; that to make these changes effective something more is needed than simply the addition of one subject after another. The new subjects should be introduced with some relation to each other and the ways in which they operate and integrate in the world outside of school. It is also the outgrowth of the desire to put into practice in the classroom what the new science of psychology has discovered about individual learning and individual differences.

The kinds of schools, together with the methods used in them, which have developed from the desire to adjust the curriculum to society and to use the new psychology to increase the

pupil's learning are numerous, almost as numerous as the schools themselves. When an individual or a group tries to adjust the curriculum to society, it immediately becomes necessary to formulate a conception of what that society is. What are its strengths that should be stressed in the schools, what its weaknesses that children should understand?

Is it a good thing to bring up the young with desires and habits that try to preserve everything just as it is today, or should they be able to meet change, to weigh the values and find good in the new? How much of the background and development of our civilization do children need to be able to understand what is in the world today? How much do they need to become cultivated individuals, able to enjoy leisure and carry on worthwhile traditions? The answers to these and many other questions and the skill used in translating them into practice will determine the kind of school. Both these factors will differ according to the temperament, beliefs, background and experience of the individuals who answer them. This to the writer does not seem to be an indictment of progressive schools.

In a world changing as rapidly as ours, in a democracy with so short a history to draw on for choice of the best ways to succeed, expression of differences of opinions by different kinds of schools is a wholesome sign. In developing anything new, it is a good plan to have different methods working side by side, to experiment, to compare. This kind of difference has nothing whatever to do with whether a particular school is a good school or a bad school, with whether children learn what they are taught and are happy and successful at school and at home. Nor does this mean that all progressive schools just

by the fact of being labeled "progressive" are good schools. It simply means that progressive education has not one formula, is not a fixed and finished thing about which it is legitimate and safe to make generalizations. It is as ridiculous to say that all progressive schools are good, as it is to say that the principles of progressive education are bad and unworkable because one school is poor, or because one child does not succeed in one school.

We are used to the faults of traditional schools, so used to them that when any difficulty arises we tend to lay the blame on the child or the home he comes from. There are, however, good teachers and bad teachers in traditional schools, and no curriculum, no matter how old, how cut and dried, how uniform it is, can possibly give a higher quality of output than the quality of the teacher who is using it. Probably nine-tenths of the violent criticism of progressive schools as progressive, that is so popular, would melt away like Summer snows if we would look at traditional schools as we look at modern schools, or if we expected only the same amount from them. A progressive school to escape damnation has to be practically perfect, has to give each child just what his particular parents think he should have, has to succeed with every child, if he is a genius or just average, if he is nervously unstable, if he changes schools every year, however queer or unadjusted at home he may be. A traditional school is not expected to make good unless the child fits in, conforms and raises no problems. Two instances of the kind of criticism that is commonly leveled at a progressive school and practically never at an old-fashioned school are the matters of learning to read and of discipline.

Some children are backward about learning to read. They either have great difficulty learning or are so slow about it that their parents begin to think they never will. When this happens in an old-fashioned school the child either gets "left back," and has to repeat the work of the first or second grade, or the school tells the mother that she will have to teach the child to read at home if he is to go on with his class. And without any special fuss every one assumes that there is something the matter with the child. When this happens in a progressive school the chances are that parents and friends immediately assume that it is the school's fault, that the school does not even bother to teach reading, or at least does not think it important enough to "make" the child learn; the child would of course be reading fluently long ago were it not for the school's lax methods. We know today that certain children have reading difficulties, due sometimes to eye peculiarities, sometimes to left-handedness, sometimes to other more obscure causes. The only way to tell why one child does not learn to read is often a rather elaborate examination into all these possibilities. Experience has shown that if the child is mentally normal he will learn to read anyway by the time he is ten or so, and that in after life it is impossible to tell these late readers from the children who teach themselves when they are three.

In the matter of discipline the progressive school is even more subject to attack. If a child misbehaves in an old-fashioned school, he is naughty and his parents meekly undertake to see that he stops giving trouble. If he misbehaves in a modern school, the school is spoiling him, it has no standards of conduct, it sets no store by those sterling qualities obedience

and orderliness. It is probably true that a progressive school seems disorderly to visitors who cannot imagine a school except as a place where rows of silent children sit quietly at desks until told to do something by a teacher. But modern education does not aim at this kind of order. Its aim is the kind of order that exists in a roomful of people, each one of whom is working at a common task. There will be talking, consulting, moving about in such a group whether the workers are adults or children. The standard for order and discipline of a group is not how silent is the room, or how few and uniform the kinds of tools and materials that are being used, but the quality and amount of work done by the individuals and the group. A different technique is required of the teacher in such a room from that required by a teacher in a room where each pupil sits at a screwed down desk and studies the same part of the same lesson from the same textbook at the same time. There are progressive teachers who have not mastered the technique. There are good teachers and poor teachers in progressive schools just as there are in traditional schools. But there is absolutely no scientific objective evidence to support the view that behavior problems are relatively more common in progressive schools than in traditional schools, or that the former are less successful in straightening out those that do arise than the latter.

Another common criticism of progressive education is that individual development and the training of special abilities or talents are stressed at the expense of learning social adjustment, good manners, how to get along with adults—that all progressive schools have a highly individualistic philosophy. If we confine ourselves

to the philosophy, just the opposite seems to be the truth. It is the modern schools that have formulated their aims in definite social terms. It is they that are trying to work out some method of achieving harmony between the democratic belief in the liberty of the individual and his responsibility for the welfare of the group. A group of conservatives are already attacking them because they have expressed the belief that the schools have a responsibility to educate so that recurrence of present economic conditions will be impossible.

Individualism run riot is laid at the doors of modern schools, probably because it is these schools that first adopted teaching methods based on the new knowledge of individual psychology and on the recent findings about the growth of young bodies. To many the mere fact that children are free to move about, to seek help from others, to undertake pieces of work in small groups is taken as evidence that the aim of the methods must be to develop individualists, to let the children do as they please. These methods were, in fact, introduced because we know that physical freedom is necessary to growing bodies and because psychological investigations have proved that learning is better and faster when the learner understands his problem as a whole and does his work under his own motive power rather than under minute, piecemeal dictation from a boss.

Many others who grow up under the stern old adage, "Spare the rod and spoil the child," cannot bear, apparently, to believe that any more pleasant or congenial method of learning can possibly be good for the young. They cherish many vestiges of the old idea that children are little limbs of

Satan and that the only way to bend them to the uses of civilization is force and long training in doing things just because they are told to do them, regardless of whether or not the work is of any immediate use or interest. Without this training, they claim, one will never be able to see a difficult or dull job through to completion in later life. The strong moralistic bias that colors these views seems to make it impossible for their holders to see that in giving meaning, in his own daily life, to the work a child does, there is actually a gain in the disciplinary value of the work, rather than a loss. There is gain because the work is immediately valuable and satisfactory to the child. Therefore his best effort goes into it and his critical powers and initiative are exercised and developed. Moral and intellectual powers increase in vigor when the force of the worker's spontaneous interest and desire to accomplish something are behind them. This is as true of children as of adults. It is these powers that the progressive schools seek to release. If they sometimes fail, if they sometimes make mistakes, it must be remembered that their techniques are still being developed, that they are new. We should remember, too, that the time-honored and hoary techniques of the traditional school do not always succeed in teaching every pupil to extract square roots fluently, or to be able to push every difficult and wearisome task through to a triumphant conclusion. How much shirking and bluffing goes on in old-fashioned schools?

It is also frequently said that progressive methods may work with young children, but that when the high school is reached these schools are forced to give up their methods and go back to the old so that their

pupils can pass college entrance examinations. It is true that college entrance examinations require the accumulation of such a vast number of specific facts that a great deal of drill and cramming is necessary if a pupil is to know enough answers to pass. This does not mean, however, that as children grow older the only way they can learn is by drill and cramming, or that progressive methods applied at the high-school age fail to educate. It simply means that to get into college a young person has to spend a great deal of time memorizing details so that he can answer a great many detailed questions.

Some colleges have for a number of years made exceptions in entrance requirements for the graduates of a few progressive schools. Reports are that these pupils have been able to carry on college work with records as good as, if not better than, pupils from conventional high schools. At present nearly twenty progressive schools have completed arrangements with almost all the accredited colleges and universities to begin, in 1936, admitting their graduates on other bases than the passing of the regular entrance examinations. The school will furnish a recommendation to the effect that the graduate has the necessary intelligence to do college work, has serious interests and purposes, and has demonstrated ability to work in one or more fields in which the college gives instruction. It will also furnish a careful record of the student's school life, including his records in the school examinations and his scores in various kinds of diagnostic tests. This will allow these schools to develop the curricula and teaching methods they believe best suited to the education of their students while they are in school, instead of forcing them to train for one spe-

cial event in the child's future. After a reasonable number of pupils, whose high-school studies were carried on under this system, have graduated from college we shall have an authoritative answer as to whether progressive methods can be used in high schools with pupils who are going to college. If the plan works it will probably do more to reconcile the public to the fact that change and experimentation are needed in education than any other one thing.

Meantime, change and experimentation will go on anyway because life outside the school is changing, because scientific knowledge of the nature of growth is developing, and because parents want things for their children that they did not obtain when they went to school. The real measure of the success of the progressive schools is the modifications that finally take place in conservative schools because of the experimental pioneering. Judged by that standard alone, the progressive movement is making good.

I have emphasized the movement rather than schools as schools. For by the nature of the case, the various progressive schools differ widely from one another, more widely than traditional schools that have only to adhere to well-recognized standards. But also by the nature of the case, the progressive schools have something in common. They all aim at greater attention to distinctively individual

needs and characteristics. Hence they are pervaded by a great degree of freedom of action and discussion. Secondly, they all utilize the outgoing activities of students to a much larger degree than does the traditional school. In other countries, especially in Latin countries, their popular name is "schools of action." Thirdly, they aim at an unwonted amount of co-operation of pupils with one another and of pupils with teachers. The latter function as fellow-workers in the activities that are going on rather than as rulers set on high. This fact determines the distinctive character of discipline in progressive schools. It is meant to be self-discipline as far as is possible, gained through sharing in work and play in which all have a common interest.

Within the limits of these three principles, there remain great possibilities of variation. But in spite of differences, their like elements sum up in the conviction that every worthwhile education is a direct enrichment of the life of the young and not merely a more or less repellent preparation for the duties of adult life. They all believe that life is growth, that growth, while it involves meeting and overcoming obstacles, and hence has hard and trying spots, is essentially something to be enjoyed now. That learning is not necessarily a disagreeable process is the discovery, or re-discovery, of modern progressive education.

Current History in Cartoons



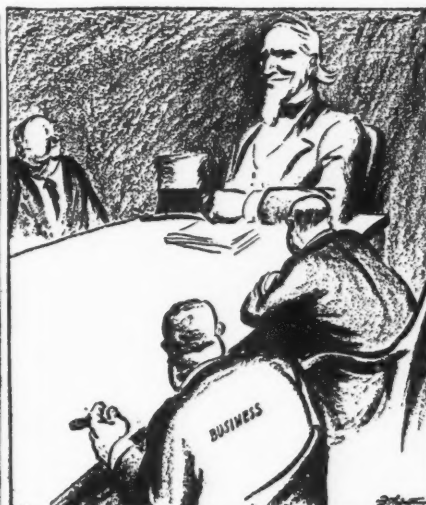
Robinson Crusoe discovers he is not alone on the island
—New York Herald Tribune



"You see, gentlemen—a perfect balance"
—New York World-Telegram



It's aging well
—Boston Evening Transcript



New member of the board of directors
—St. Louis Post-Dispatch

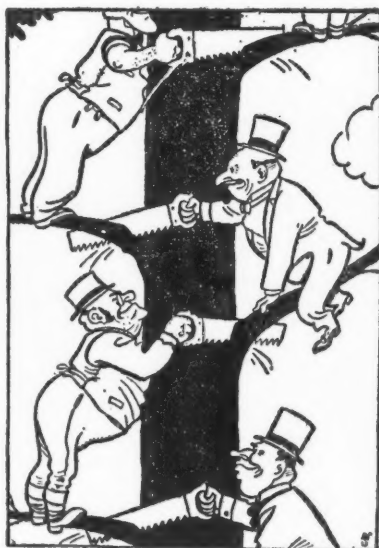


On the doorstep

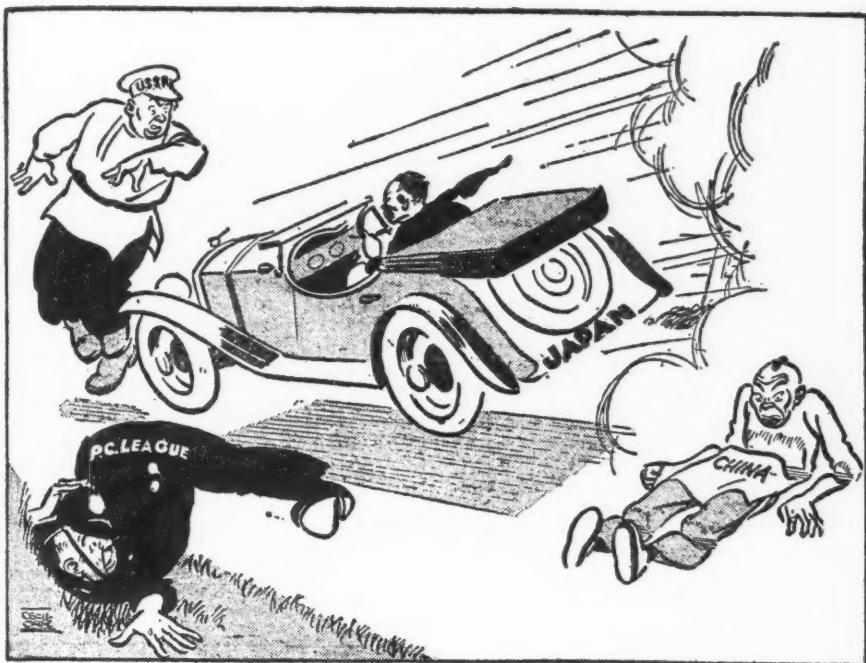
—News of the World, London



Grasping at straws
—Newark Evening News



Preparing for the World Economic
Conference
—Pravda, Moscow



Speeding along

—Glasgow Record



Stop!
—Dallas News



The duel
—Pravda, Moscow



Chains on his feet, but a medal on
his breast
—Daily Herald, London



"I wish I could die as easily"
—Nebelspalter, Zurich

Building the
German
Empire
(Let the
other na-
tions say
what they
like)
—Kladder-
adatsch,
Berlin



A Month's World History

Roosevelt's Peace Message

WITH President Roosevelt and Chancellor Hitler as the leading figures, the drama of world politics during the past month produced a crisis as intense as any since the days before the outbreak of war in August, 1914. For the United States the action was significant in revealing in part the foreign policy of the new administration in Washington; to the new Germany of the Nazis it brought home the fact that they must cease forcing issues which might have their outcome in war.

As soon as the Disarmament Conference reassembled on April 25 the German delegation began to press demands aiming at the revival of Germany as a military power in opposition to the plans before the conference to transform existing armies into legitimate defense forces. The first serious collision arose on the question of whether such bodies as the Nazi Storm Troops and Steel Helmets and the Fascist militia of Italy should be counted as effectives in fixing the number of armed forces. The Germans, insistent on the equality in arms which the other powers, including the United States, had conceded in principle, proved obdurate, and the negotiations ended in a deadlock.

So acute did the situation become that Norman H. Davis, President Roosevelt's special Ambassador, found it necessary to address a warning to Dr. Alfred Rosenberg, Chancellor Hitler's chief adviser, when they met in London on May 9. Strongly disapprov-

ing of the stand Germany had taken and viewing with grave alarm the crisis she had precipitated, the United States, Mr. Davis declared, would never consent to any form of rearmament by any nation. Germany's new demand for military strength imperiled the very existence of the Disarmament Conference. Its collapse would profoundly disturb the peace of the world and Germany would be held responsible. Moreover, Mr. Davis told Dr. Rosenberg, failure at Geneva would jeopardize the prospects of the World Economic Conference. Emphatic British endorsement of the American stand was expressed later the same day when Sir John Simon received Dr. Rosenberg, and the following day Italy indicated that she was now turning against Germany and would support the United States, France and Great Britain in the crisis. The situation steadily grew worse, and on May 11 Baron von Neurath, the German Foreign Minister, in a newspaper article plainly indicated that whatever the result of the conference, Germany intended to rearm, while Lord Hailsham, the British War Minister, gave it as his personal view that if Germany broke from the Conference she would be liable to the application of "sanctions" under the Versailles treaty.

For a moment some observers saw a hopeful sign in the communiqué issued in Washington on May 12 in which Dr. Hjalmar Schacht, on behalf of Germany, joined with Presi-

dent Roosevelt in declaring that there could be no solution of the world's economic problems without military disarmament. But the same day, Joseph Paul-Boncour, speaking for the French Government, declared that it was now prepared to take a strong aggressive stand and join all the foes of the Nazi régime in an effort to crush it by peaceful means. He again spoke of publishing the famous secret dossier on Germany's alleged illegal armaments. There was also talk in Paris of preparing economic "sanctions."

The report of M. Paul-Boncour's statement and news from Geneva that the Disarmament Conference had decided that the Nazi Storm Troops and the Steel Helmets were part of Germany's effective military forces, were considered by the Hitler Cabinet that same day and seem to have provoked Germany to take the steps which brought the crisis to a head. This was the announcement that the Reichstag had been summoned for May 17 to hear a statement by the Chancellor on German foreign policy. As the Reichstag had on March 24 ceased to have any part in the shaping of Germany's destinies, only some purpose of an unusually compelling nature could have inspired its recall. The expectation was general that Chancellor Hitler would, in a tremendous outburst of rhetoric, declare that Germany intended to rearm without further ado and without regard to consequences. That clearly meant an act of defiance, a challenge that might destroy all hopes of pacification and recovery and bring nearer the possibility of war.

It was at this point that President Roosevelt made his master stroke. A suggestion had been made that the United States, Great Britain and

France should formulate a common policy and act in concert, but the United States, as Mr. Davis told M. Paul-Boncour in Paris on May 15, was not ready to go to extremes and would not agree in advance to a joint statement condemning Germany because, until Chancellor Hitler had spoken, it would not be fitting to take a definite stand. Yet, as it turned out, it was by a highly dramatic move in advance of the delivery of Chancellor Hitler's address that the United States profoundly changed the whole situation. The event could not have been planned to be more arresting in its effect. Chancellor Hitler had chosen to use the Reichstag as his platform and invest his utterance with all the impressiveness that the pomp and circumstance of such an occasion would provide. President Roosevelt might no doubt have rivaled the performance by appearing in person before a joint session of Congress to deliver his message, but disdaining mere imitation, he adopted a more appropriate method by addressing the peoples of the world.

On May 16, therefore, not to the governments but to the rulers and heads of State of the fifty-four nations as representing their peoples, President Roosevelt sent an appeal which was not only among the memorable peace moves of our time but also significant in stressing the abandonment of the American policy of aloofness in world affairs.

Accepting in broad outline the disarmament proposals made at Geneva by Prime Minister MacDonald, the President urged all nations to abolish offensive weapons so that defenses would automatically become impregnable and frontiers secure. But to insure peace during the period of disarmament, all nations should agree not to increase their armaments, and

should enter into a solemn and definite pact of non-aggression, solemnly reaffirm the obligations they had assumed to limit and reduce their armaments, and, provided that these obligations were faithfully executed by all the signatory powers, individually agree to send no armed forces across their frontiers.

For the immediate purpose of forcing Germany to moderate her attitude, the important part of the message was the conclusion in which President Roosevelt, without mentioning Germany by name, warned her against the responsibility that would be hers in case of the failure of the Economic Conference and the Disarmament Conference. "Common sense points out," he declared, "that if any strong nation refuses to join with genuine sincerity in these concerted efforts * * * the civilized world * * * will know where the responsibility for failure lies. I urge no nation to assume such responsibility."

Apart from Germany, only two nations did not share the world-wide enthusiasm that greeted the message. One was France, because President Roosevelt had not explicitly accepted her demand for security, though subsequently, through Mr. Davis, the French Government was given to understand that the President was merely taking a first step toward erecting a new international structure of peace. The other nation that expressed reservations was Japan. A War Office spokesman in Tokyo declared that, because of the military operations in North China, Japan would be embarrassed by the suggestion that nations should abstain from sending armed forces outside their borders.

Whatever Chancellor Hitler originally intended to say on May 17 was undoubtedly revised to take heed of the American warning. Not only had

he been called into consultation by President von Hindenburg when it was known that President Roosevelt was about to make a move for peace but the Chancellor also conferred with the Foreign Office and ex-Chancellor Bruening. There is no need to describe in detail the care that was exercised to make the meeting of the Reichstag in the Kroll Opera House in Berlin spectacular and exciting. To create the impression of a great historical event, every device of Nazi showmanship was employed, not the least theatrical being the two powerful spotlights that played upon the Chancellor as he spoke.

Although there was a certain amount of vehemence in his recital of Germany's grievances, the speech turned out to be quite conciliatory and even mild in tone. Germany did not want war and would not make war even if her righteous demands were refused. No new European war could remedy the present unsatisfactory condition. Germany's new régime was not a menace to peace. Her only desire was to be able to preserve her independence and protect her borders. She was the only nation whose fear of invasion could really be justified.

Germany, the Chancellor said, was ready at once to dissolve her whole military establishment and destroy her scanty remnant of arms if neighboring nations did the same. She agreed in the main to a transitional period of five years to establish her national security with the expectation that equality with other nations would then begin. For President Roosevelt's proposal Germany was "indebted with warm thanks." She was ready immediately to accept this remedy for the international crisis because she, too, believed that without a solution of the disarmament question no enduring economic recovery

was imaginable. Germany would at any time renounce aggressive weapons if the whole world also banned them, and she would join any solemn non-aggression pact because she thought not of attack but of security.

But, said Chancellor Hitler, the German Government and German people must not be compelled to sign anything that would mean perpetuating Germany's disqualification. Any attempt to overpower Germany by a mere majority decision in contravention of the clear spirit of treaties could be dictated only by the intention to force her out of the conferences. Moreover, as a nation under a perpetual stigma it would be difficult for her to remain in the League of Nations.

A sigh of relief went around the world as Chancellor Hitler's protestations of peace were made known. Yet the more realistic minds doubted if much reliance could be placed upon mere words. The question was, How would Germany now comport herself at the Disarmament Conference? The first answer to this question was reassuring. When the conference resumed at Geneva on May 19, Rudolf Nadolny, the German delegate, announced that Germany accepted the British draft convention as a basis both of discussion and for the future convention itself. Later he explained that Germany was now willing to discuss the gradual transformation of her professional army into militia and that she demanded equality in only those weapons which the conference decided were defensive and was willing to forego those which the convention termed offensive, provided the latter were completely abolished at the end of the first stage of disarmament. Thus far President Roosevelt had succeeded in bringing the Nazis to reason.

The change in American foreign policy that has been taking place under the new administration, first indicated by Mr. Davis's announcement at Geneva on April 26, when he declared that some security measures were necessary for disarmament, was again manifest in President Roosevelt's message of May 16, in which he proposed "that all the nations of the world should enter into a solemn and definite pact of non-aggression." But a fuller official explanation of how far the United States was ready to go in abandoning its attitude of aloofness in world affairs was given in an important statement made by Mr. Davis at the Disarmament Conference on May 22.

After pointing out that "the time had passed when each State should be the sole judge of its armaments," and that the Central Powers (Germany, Austria and Hungary) should not be "subject for all time to a special treatment in armaments," Mr. Davis said that, while the United States was not bound by the provisions or the implications of the peace treaties, it was the will of the American people, as interpreted by President Roosevelt, to join with the other powers in disarming "down to a level strictly determined by the needs of self-defense," in other words, "down to the basis of a domestic police force," and that the United States was prepared to exert its influence "to bring this about, not by theoretical statements of good intentions, but by decisive and progressive reduction of armaments through international agreement." The United States was aware of the difficulties due to political tension and was prepared "to aid in other ways than through exerting" its influence. What those ways would be was now explained. In addition to supporting, fully and wholeheartedly,

Mr. MacDonald's disarmament plan—the British draft convention adopted by the conference as a basis of discussion—the United States was prepared to take the step outlined by Mr. Davis in the following words:

"I wish to make it clear that we are ready not only to do our part toward the substantive reduction of armaments, but if this is effected by general international agreement, we are also prepared to contribute in other ways to the organization of peace. In particular we are willing to consult the other States in case of a threat to peace with a view to averting conflict. Further than that, in the event that the States, in conference, determine that a State has been guilty of a breach of the peace in violation of its international obligations and take measures against the violator, then if we concur in the judgment rendered as to the responsible and guilty party, we will refrain from any action tending to defeat such collective effort which these States may thus make to restore peace."

Finally, said Mr. Davis, the United States believed that "a system of adequate supervision should be formulated to insure the effective and faithful carrying out of any measure of disarmament" and was prepared "to assist in this formulation and to participate in this supervision."

Explaining the proposal in President Roosevelt's message of May 16 that armed forces should not be sent across national frontiers, Mr. Davis said that "in the long run we may come to the conclusion that the simplest and most accurate definition of an aggressor is one whose armed forces are found on alien soil in violation of treaties."

Germany was now mentioned by name in another important passage. After referring to the apprehension

that she proposed to rearm, Mr. Davis added: "If at this decisive point any nation should fail to give conclusive evidence of its pacific intentions and insist upon the right to rearm, even though the other Powers take effective and substantial steps toward disarmament, then the burden of responsibility for the failure of the Disarmament Conference, with the incalculable consequences of such a failure, would rest on the shoulders of that nation."

The disturbed condition of Europe and the demand for security were dealt with in the following words: "As regards the action of the other powers we are not unaware in the United States of the political difficulties which still lie in the way of the reduction of European armaments. We recognize the legitimate claim which any State has to safeguard its security. But we are firmly convinced that in the long run this security can best be achieved through a controlled disarmament by which the military strength of the most heavily armed nations is progressively reduced to a level such as that provided for in the peace treaties. To the extent that armaments create political tension they in themselves constitute a menace to peace and may jeopardize the security of the very nations which maintain them."

Taken as a whole the statement made by Mr. Davis was regarded as a renunciation by the United States of its isolation policy and, in certain cases, of the freedom of the seas. It indicated that this country was prepared to take risks for the sake of world peace, and that it no longer considered itself unconcerned about the territorial and other dangerous issues which divide Europe. It was also generally felt that, while the statement was strong enough to induce

the French to assent to a disarmament treaty, it did not bind the United States to such an extent as to prevent acceptance by the Senate.

Nevertheless, the effectiveness of the American offer to abandon neutrality was seriously limited when the Senate Foreign Relations Committee on May 27 adopted an amendment to the arms embargo resolution before Congress. According to this amendment any Presidential edict invoking the arms embargo would have to apply to all the parties in the international dispute which it was to affect. This would practically prohibit the United States from taking action against the "aggressor" nation, and at the State Department the amendment was regarded as nullifying the undertakings Mr. Davis had offered at Geneva on May 22.

THE FOUR-POWER PACT

The Italian proposal for a four-power pact to insure permanent peace in Europe was not allowed to drop. This was largely because of British official urgings that the plan be pushed to a speedy conclusion. Thus encouraged, Premier Mussolini on May 20 held conferences with Sir Ronald Graham, the British Ambassador; Henri de Jouvenel, the French Ambassador, and Captain Goering, a member of the Hitler Cabinet. The result was that on the following day an agreement was reached for submission to the four governments. The pact, although differing in several respects from the original draft, retained all its essential features, but the provision that would make treaty revision a "possibility" seems to have been mainly responsible for the delays which at this writing have prevented the initialing of the pact. Poland immediately set to work to kill it, and it was not long before France in accor-

dance with her ideas of security, was raising objections, although Premier Daladier in the Chamber of Deputies on May 23 stated that France intended to sign the pact. Two days later ex-Premier Edouard Herriot in an article in his newspaper, *L'Ere Nouvelle*, condemned the pact as "either useless or dangerous" and as contrary to the policy of the League of Nations. On May 26 the Radical-Socialist party, of which both M. Daladier and M. Herriot are members, refused to support the latter's stand. The Premier, however, admitted that there were dangers and omissions in the pact as contemplated and that negotiations for remedying such faults would be undertaken. The desire of the three other powers for changes in the draft also helped to delay the conclusion of the pact.

THE ECONOMIC CONFERENCE

While preparations for the assembling of the World Economic Conference proceeded satisfactorily, there were abundant signs of serious difficulties ahead. Behind the scenes discussions were in progress, particularly among representatives of the United States, Great Britain and France for the purpose of settling various disputes, so that when the conference met they would not cause unnecessary delays and perhaps lead to a deadlock rendering all effort futile.

One preliminary success was the conclusion of the tariff truce proposed by the United States. That proposal had been met with veiled hostility by the Conservatives who control the British Government. One purpose was to make use of the war debts as a bargaining weapon. Nevertheless, Mr. Davis on May 8 succeeded in inducing Walter Runciman, president of the Board of Trade, to accept for

submission to the British Cabinet a formula that would not frighten the protectionists, and next day Prime Minister MacDonald was able to tell the House of Commons that there was every prospect of an agreement. On May 12 the truce was adopted by Great Britain, Germany, Belgium, the United States, France, Italy, Japan and Norway. These eight nations joined in pledging themselves and strongly urging all other governments participating in the conference not to adopt, before June 12 or during the conference, "any new initiatives which might increase the many varieties of difficulties now arresting international commerce." Any nation might, however, withdraw from the agreement after July 31 on giving a month's notice. Reservations were also made to counteract currency fluctuations.

The British and the French both continued in their endeavor to force the question of war debts into the forefront. Though not a part of the agenda of the conference, the controversy was not going to be allowed to lie dormant, the more so as on June 15, three days after the conference was to open, further payments were due to the United States. It was expected that negotiations would take place for an agreement outside the conference, but at this writing President Roosevelt had not yet taken any step to obtain the requisite authority from Congress that would enable him and his representatives to discuss a settlement. Nor had he yet announced his wishes with regard to being invested with power to negotiate tariff reciprocity agreements or to raise and lower duties so that the United States would be in a position to bargain at the conference.

After a week of informal discussions in Berlin between Dr. Hjalmar

Schacht, president of the Reichsbank, and representatives of the various groups of foreign creditors, it was announced in Berlin on June 2 that the German transfer problem and Germany's foreign debts would be brought before the conference, and pending their solution there the German Government would in the following week call for suspension of the transfer of service payments on the nation's foreign private indebtedness.

The first subject on the agenda of the conference is currency stabilization. Here again are serious—perhaps the most serious—difficulties to be overcome. On June 5 President Roosevelt signed the joint resolution of Congress abrogating the clause in all public and private bonds and other obligations pledging payment in gold of present fineness and weight. Although this step led to accusations of repudiation, it was defended as a necessary measure to strengthen the embargo placed on gold exports on April 19, when the United States was definitely taken off the gold standard and the dollar was left to find its own level in foreign exchange. Despite the efforts of the British Treasury and the Bank of England by use of their exchange equalization account, which was recently increased to £350,000,000, to keep the pound down to a level between \$3.40 and \$3.50, the effect of America's abandonment of the gold standard was to force it up, so that at the end of May the pound was fluctuating at about \$4 and nearly all other foreign currencies had risen in terms of the dollar.

Since exchange values of the different national monetary units affect the prices at which goods can be sold, the United States, by going off gold, deprived other countries of the advantage they enjoyed before the dollar depreciated in international ex-

change. Although no official admission has been made that the United States wished to add to the weapons with which it could bargain, it was generally understood that such was the purpose, and that thereby this country was protecting its international economic interests in the controversies that were expected to be waged at the Economic Conference. Many economists and financiers, both in America and abroad, have consistently urged that the first measure that should be adopted for world recovery is currency stabilization. But it is significant of the American attitude that the relationship between these two things was reversed in a statement which Professor O. M. W. Sprague of Harvard, former adviser to the Bank of England, who was recently appointed financial adviser to the United States Government, made on taking up his duties in Washington on May 24. "Currencies," he said, "cannot be stabilized until economic conditions are stabilized. We are working toward that end. The currency of one country cannot be stabilized unless other currencies are put in order. The program of stabilization is part of the large and general program. We can work toward stabilization of economic conditions and stabilization of currency. In other words, stabilization must be developed."

As the time approached for the opening of the conference there were in all the leading countries of the world doubts and misgivings as to its success. One reason for this pessimistic frame of mind was the divergence between American and British interests and aims which are analyzed in

the article, "Anglo-American Economic Issues," on pages 399-405 of this magazine. But even if those difficulties seemed insurmountable, there were still other directions in which the United States might exert its influence to bring about better economic conditions. And so President Roosevelt continued the conversations with the representatives of the foreign countries who visited Washington after Mr. MacDonald, M. Herriot and Prime Minister Bennett of Canada.

It was President Roosevelt's desire to make the American delegation to the Economic Conference representative of both parties, but with the exception of Senator Couzens all the Republicans he invited refused. As finally constituted the delegation consisted of Secretary of State Hull, chairman; James M. Cox of Ohio, vice chairman; Senator Key Pittman of Nevada, Senator James Couzens of Michigan, Representative Samuel D. McReynolds of Tennessee and Ralph W. Morrison of Texas. William C. Bullitt was appointed executive officer, James P. Warburg, financial adviser, Fred K. Neilson, legal adviser, and Herbert Feis, chief technical adviser. The other technical advisers were Victor S. Clark, Edmund E. Day, George C. Haas, Frederick E. Murphy, Charles W. Taussig, Benjamin B. Wallace, Frank A. Delaney, Henry Morgenthau Sr., Harry C. Hawkins, Henry Chalmers, Rexford G. Tugwell, James Wilson, Leslie A. Wheeler and Walter R. Gardner. In addition the delegation had with it James C. Dunn as its Secretary, Walter J. Cummings as assistant to Mr. Hull and Edward Bruce as assistant to Senator Pittman.

American Recovery: First Phase

By E. FRANCIS BROWN

THE fearlessness of the Roosevelt administration, its willingness to experiment or to override precedent, has been steadily manifested in the pursuance of its several policies. During the third month of its life, foreign relations tended to obscure the steady development of domestic policy and the general business recovery until the sensational investigation by the Senate Committee on Banking and Finance into the affairs of the House of Morgan caused the country to forget everything except the revelations of practices behind the doors of the greatest temple of American finance. These apparently separate features of the month's news were more closely related than might appear.

While the details of the present government's foreign policy have not been indicated, its general philosophy seems to be based upon common sense, upon a facing of realities without chasing after any will-o'-the-wisp of tradition. Behind the moves already made on the international chessboard lies some of the old American idealism that seeks to end international strife, to bring about a happier society of nations. At the moment that idealism is directed particularly toward the restoration in some degree of the international trade which before 1929 was a factor in the world's economic health. If such aims are realized at the World Economic Conference or in separate negotiations with other countries, it is difficult to see how the policy of economic nationalism, as embodied in the administration bills passed by Congress,

can ever be carried out. Perhaps here again is the realistic view of the President, who intends to have more than one arrow in his quiver in case the first does not find its mark. Within the administration itself there are conflicting outlooks—nationalism versus internationalism. The latter will have its day in London, but if it fails, then we can expect that nationalism, as represented in the emergency legislation passed by Congress, will reign supreme.

The task of coordinating American life, as described in these pages last month, has moved ahead with the signing of the Farm Relief Act, the Muscle Shoals Act and the law for the Federal regulation of the sale of securities. The final and most far-reaching bill now pending is the administration's National Industrial Recovery bill, one of the most revolutionary legislative proposals in American history. The Black-Perkins bill for the regulation of industry and the condition of labor (see June *CURRENT HISTORY*, page 335) never had the whole-hearted support of the administration and was superseded on May 17, when the President sent to Congress the draft for a national industrial recovery act.

As introduced in both houses, the bill would confer upon the President power to set up machinery for "a great cooperative movement throughout all industry in order to obtain wide re-employment, to shorten the work week, to pay a decent wage for the shorter week and to prevent unfair competition and disastrous over-

production." The bill would permit the suspension of the anti-trust laws and the drawing up of new codes for fair competition with the safeguard that in the President would rest the right to license business enterprises in order to "meet rare cases of non-cooperation and abuse." Linked to the bill, also, was a public works program of approximately \$3,300,000,000 for unemployment relief.

To industrialists, who with strange accord hastened to support the proposed legislation, the most attractive feature of the bill was the promise of suspension of the anti-trust laws and approval of trade associations, which for years have led a troubled existence. So it was that, almost immediately after the introduction of the bill, trade associations up and down the land met to draft codes of "fair competition" and to plan for cooperation with the government in carrying out its program.

Possibly industrialists reckoned without their host, for it would still be for the President to decide upon the fairness of a competitive code and to prescribe a different one which he might consider more desirable, fixing at the same time "maximum hours of labor, minimum rates of pay and other working conditions." Since the bill allows business to combine in trade associations, it is difficult to see how a thorough unionization of labor can be prevented by the industrialists, because throughout the proposed law labor rights are explicitly protected. It was the realization of this fact which underlay the opposition to the bill by the National Association of Manufacturers. If carried out to the fullest extent, the bill would permit a greater regulation and control of industry than has ever been seen in a capitalist economy. Possibly industry

does not expect that such control will be exercised; otherwise it would certainly be difficult to understand the unanimity with which one trade group after another joyfully prepared to deliver itself into the hands of its old enemy—government supervision. Only the National Association of Manufacturers adhered to its traditions and opposed the bill. But if the bill becomes law, its effectiveness will be limited unless the country is protected by adequate tariff barriers; these would conflict with the foreign policy of the administration.

The National Industrial Recovery Bill was reported to the House on May 23. Attempts had been made to amend it in committee so that Federal control of the oil industry would be possible, but in the absence of any definite insistence from President Roosevelt the bill was reported without fundamental alteration. As introduced, the bill had left to Congress the method for raising revenue to pay interest and amortization on the funds expended in the public works program. The President suggested that whatever taxes might be imposed for this purpose would probably not be needed once the Eighteenth Amendment is repealed and the liquor traffic restored. Meanwhile, the House Ways and Means Committee approved an increase in the normal income tax rates, their application to corporate dividends and a higher levy on the refining of gasoline; certain special taxes imposed a year ago were continued. Though there was much opposition to higher income taxes and many Representatives preferred a general sales tax on manufactures, the income tax provisions were accepted by the House when, on May 26, it passed the bill by a vote of 323 to 76. In the Senate the bill encountered real

opposition, so much so that on June 5 its ultimate fate was uncertain.

Though the National Industrial Recovery bill held the limelight, two other bills which would directly affect economic life were pending—the Glass banking bill and the administration bill for regulation of the railroads, (See June CURRENT HISTORY, page 336). The Glass banking bill, which passed the Senate but died in the House during the last Congress, was again passed by the Senate on May 25 and sent to a conference committee, since a similar bill sponsored by Representative Steagall had been adopted in the House a few days earlier. But the Glass bill, which had seemed drastic when first brought before the public, many months ago, had been revised until it satisfied no one; certainly its passage had not been facilitated by administration support. The most controversial provision—one which disturbed conservative bankers—would create a Federal bank deposit insurance corporation for the insurance of bank deposits. The corporation's capitalization of \$150,000,000 would be subscribed by the Treasury, the Federal Reserve Banks and the member banks. The bill also would prohibit interlocking directorates between commercial and private banks, would prevent private banks from doing both an investment and deposit business and compel commercial banks within one year to divorce their security affiliates. National banks would be allowed to have branches in States whose laws allow branch banking.

The administration has been represented as favoring a postponement of bank reform until the regular session of Congress, when a thoroughgoing measure could be introduced. Secretary Woodin, whose hostility to the Glass bill had been open, was believed to feel that nothing should be done

at present to upset the delicate conditions of the banking system. With the revelations of banking practice that have come from the investigation of the Senate Banking and Finance Committee, public opinion was fast reaching a point where only the most drastic kind of banking legislation would be satisfactory. Since the administration would thus have support for a comprehensive bank bill, President Roosevelt's dislike for a half-way measure was not without reason.

The railroad bill was passed by the Senate on May 27, before the House had been able to decide upon the sort of draft it would favor. The Senate measure authorized the suspension of the anti-trust laws for one year and the appointment of a Federal coordinator to effect economies in cooperation with three regional railroad committees. The bill also would repeal the recapture clause and would place railroad holding companies under Federal supervision. A new basis for rate-making would be established that would take into consideration the effect of rates upon traffic, service and the provision of revenues to support the roads. Without any fundamental changes the bill passed the House on June 5 and was sent to a conference committee for adjustment of differences.

Outside the planning program, though an administration measure, was the Home Relief Bill, which had passed the House and was approved by the Senate on June 5. (See June CURRENT HISTORY, page 337.) Meanwhile, on May 12, the Wagner Act for distributing \$500,000,000 among the States for unemployment relief had been signed by the President. Another bill sponsored by Senator Wagner—the establishment under Federal direction of State employment bureaus—was also passed by Congress during May.

While the law for regulation of securities and the Glass banking bill would curtail the operations of private bankers, it remained for the Senate inquiry into the House of Morgan to put the pressure of public opinion behind the demand for government supervision of those firms which receive deposits and also deal in securities. When, at the end of May, President Roosevelt gave his support to a thorough examination into the affairs of great Wall Street firms, it began to appear that finance might not escape the national coordination that was hanging over agriculture and industry.

Such a forecast seemed only logical considering the amazing disclosures of the affairs of J. P. Morgan & Co., which has long typified great wealth. While a good many people have believed that the firm was no better than it ought to be, others sincerely maintained that, whatever shady practices might have been indulged in by certain other bankers, the hands of the Morgans were clean. The investigation which opened in Washington on May 23 revealed for the first time their organization and methods. The first disclosures astounded the nation. In 1931 and 1932 neither Mr. Morgan nor any of his partners paid income tax. They had been able in a wholly legal manner to escape because of the provision in the law permitting the writing off of capital losses. In the storm of criticism which immediately arose there could be found few good words for a law that makes a levy on a man with a salary of \$4,000 a year while, thanks to a loophole in the same law, some of the richest men in the country escape paying anything. Though the critics might have asked themselves who was responsible for that loophole, the resentment for the moment was not so

much against the law as against the fact that the Morgan partners should have benefited by it.

The immediate result was revolt in the House of Representatives against the proposal to raise income tax rates and a movement to revise the law. Though the new rates were adopted by the House, they faced determined opposition in the Senate. Later developments in the Morgan inquiry brought about hasty passage of the pending Glass Banking bill.

Much of the investigation brought to light only the complicated details of high finance which the public did not understand, but the disclosure on May 24 that certain firms and important individuals had been on a preferred list to subscribe to the stock of the Alleghany Corporation at a price much below the market quotation struck home with great force. On the list of these "insiders" were the names of men prominent in both political parties, most notably two figures in Mr. Roosevelt's own party—Secretary of the Treasury Woodin and Senator McAdoo, a former incumbent of the same office. Though the incident had occurred in 1929, when they were not in public life, a demand that they resign was heard in many quarters. But whether or not they resigned was unimportant; what mattered was the uncovering of the intimate relations between a great banking house and the leaders of the nation's political and economic life. Interlocking directorates had been common knowledge since the famous Pujo investigation, twenty years ago; this preferred list and others revealed later suggested another form of undue influence by a great banking house and to the popular mind appeared to justify its suspicions of Wall Street domination.

So far, the inquiry had uncovered

nothing illegal, nothing to indicate that the Morgan partnership was guilty of shady dealings. It had, however, raised the question whether high finance had shown sufficient regard for subtle ethical distinctions, and whether such vast power reaching out over the country should not be subject to government regulation. Perhaps that was why the President desired an investigation of the country's great private banking institutions.

The Senate inquiry did nothing to allay public feeling against the banking fraternity, which had been aroused to a high pitch in February over the conduct of the National City Bank under its president, Charles E. Mitchell. The bank holiday, the failure of important institutions to reopen, and the affair of the Harriman National Bank and Trust Company of New York City had only added to a national resentment. Then, soon after John W. Pole, former Controller of the Currency, had told a Senate subcommittee that defalcations of bank presidents were so common that they were routine matters in the office of the Controller, the affairs of the House of Morgan were exposed to the public gaze. The disquiet thus caused inevitably led to a demand for reformation.

As its emergency program has, item by item, passed Congress, the Roosevelt administration has been occupied with the less spectacular task of putting the new laws into effect. The various economy measures and new revenues point toward a balanced budget for the fiscal year ended 1934. Moreover, on May 18 it was announced that the deficit for the current fiscal year would be about \$1,000,000,000 under that of last year. Plans for governmental reorganization which it was expected would produce savings of at least \$300,-

000,000 annually have been under study for some time. The departments have been pruning their budgets, consolidating and transferring bureaus and wiping out unnecessary agencies. The completed plan, however, was apparently not to be laid before Congress during the special session.

The Independent Offices Bill, appropriating \$543,573,936 for bodies like the Interstate Commerce Commission and the Federal Trade Commission was passed by the House on May 12. An amendment, which was later omitted from the Senate draft of the bill, would authorize the President to cancel air and ocean mail contracts. Such authority if exercised would save, it was estimated, about \$30,000,000 in government expenses. During the debate on the bill in the Senate, the administration was bitterly attacked for its curtailment of veterans' pensions and benefits, a curtailment which the President had already agreed to reconsider.

Then, on June 2, the Senate amended the bill so as to reduce the government's economies on veterans' benefits by nearly \$170,000,000. Carrying these amendments, the bill was passed and sent to conference with the House. Meanwhile the President was being urged to veto the bill, but he acted even more forcefully when on June 4 he informed Congressional leaders that, if the slashes in veterans' benefits were not restored, new taxes would have to be levied since at all costs the Federal budget must be balanced.

In the government departments is to be found evidence of the changed spirit that prevails in officialdom. The Department of the Interior has been most active in ferreting out abuses and practices against the public interest. On May 5, for instance,

Secretary Ickes complained that the alleged cement trust had raised the price of cement to a level which endangered the public works program, including the work at Muscle Shoals. As a result an investigation was begun by the Federal Trade Commission. On May 18, as President Roosevelt signed the Muscle Shoals Bill, Secretary Ickes disclosed that Louis R. Glavis, a special investigator for the department, had reported that certain power companies had misused the government facilities at Muscle Shoals, an accusation which was turned over to the Department of Justice. After Mr. Glavis had disclosed that a dam under construction at Muscle Shoals was many feet lower than required by the specifications, President Roosevelt ordered work on the dam to be halted until an investigation could be made.

Another sensation came from the Department of the Interior on May 30, when Secretary Ickes admitted that he had dismissed E. S. Rochester, secretary of the Federal Oil Conservation Board, because of a letter which Mr. Rochester had written to George Creel on Dec. 21, 1932. In that letter, a copy of which now reposes in the files of the Senate Finance Committee, Mr. Rochester opposed abolition of the oil board, which had been ordered by President Hoover as part of his plans for government reorganization. Mr. Rochester said: "Mr. Hoover has suffered complete and positive annihilation and no longer can use to advantage the contacts he and his Cabinet enjoyed with the giants of the oil industry." "This oil board," the letter set forth, "has cost the government less than \$10,000 a year. It has been worth \$10,000,000 to the Republican party, the public and the oil industry. * * * Mr. Roosevelt cannot afford to get away from the heads of

the nation's oil companies. He will need the counsel of men of this calibre; they will need him." If this letter means what it seems to, another investigation of the operations of the oil companies may become necessary.

The alertness of the Department of the Interior in protecting the public interest may possibly be accepted as typical of the administration. Certainly other departments, like those of Labor and Agriculture, are shouldering a large share of the burden of remaking America. While Secretary Perkins has participated in the framing of the National Industrial Recovery bill, the Secretary of Agriculture has had before him the promulgation of the Farm Relief Act, which was signed by the President on May 12. Following a conference between members of the department and representatives of the wheat industry, it was announced on May 26 that, unless new difficulties arose, the domestic allotment plan would be used before July 1 to raise the price of wheat. This action was taken in face of the apparent conflict with the tariff truce that exists during the period of the World Economic Conference.

Meanwhile, as the machinery for carrying out the Farm Act was being set up, the national farm strike, which had been voted at a farm conference in Des Moines on May 4, was, at the request of President Roosevelt, indefinitely postponed. A six-day milk strike in Wisconsin came to an end on May 18 after Governor Schmedeman agreed to appoint a special commission of inquiry. The prices of basic farm commodities, however, were rising rapidly during this period, in part because the threat of inflation was driving money into commodities. Between April 15 and May 15 farm prices rose 17 per cent and *The Annalist* index of commodity prices advanced

from 89.3 per cent for the week ended May 9 to 92.1 for the week ended May 29. Although the estimated Winter wheat crop is the smallest in nearly thirty years—about 66.7 per cent of normal—the decline in wheat exports indicates that the carry-over will still be tremendous. Even so, wheat futures have accompanied other commodities in the upturn.

Business improvement has been extensive and rapid, so much so that the passage of the administration's Industrial Recovery Bill was endangered. Whether some improvement in general business conditions was due in any case, or whether the administration's success in restoring confidence and its policy of inflation are responsible is at present not easy to determine. All sorts of indices of business activity, however, reflected improvement. A new and perhaps more reliable index prepared by *The New York Times* shows that for the week ended March 18 business activity reached its lowest point, 60.0; for the week ended May 27, it had risen to 79; a year ago, the corresponding figure was 66.5. While many industries are enjoying expanded business, the most impressive improvement and perhaps the most important is that of steel. For the week ended March 11, according to *The Annalist* index, the steel industry operated at 13.5 per cent; for the week ended May 29, the figure had risen to 42 per cent. Meanwhile, the automobile trade, construction, textiles and similar basic industries were steadily showing changes for the better.

Included in the business advance is the improved banking situation. More than 1,250 banks have reopened since March 29, though 4,000 with deposits of about \$3,000,000,000 are closed or are on a restricted basis. Successive reports from the Federal Reserve

System have shown a decline in the amount of currency in circulation and a rise in the ratio of reserves to liabilities. And meanwhile, the inflationary program of the government has aided in stimulating a bullish movement in stock markets which has pushed stock prices to the highest level in more than a year and a half.

The policy of credit expansion through open-market operations was resumed in May, when the Federal Reserve Banks were authorized to buy \$25,000,000 in United States Government securities. This was the first inflationary step taken under the provisions of the Farm Relief Act. Another inflationary proposal and one of particular concern to foreign nations was the passage through Congress of a joint resolution abolishing the gold payment clause in all obligations, public and private. Since the United States was already off the gold standard, the resolution might have seemed unnecessary.

The purpose of the resolution as stated by the administration was to end the confusion in regard to the payment of interest in gold or legal tender which had arisen as a result of legislative and executive action since the administration came to power last March. Though attacked as an act of repudiation by the conservative American press and by foreign financiers, the resolution did not excite the American public, who perhaps understood little of what it was about. And one may not be far wrong in suspecting that the repeal of the gold clause was a means of strengthening the hands of the delegates to the World Economic Conference. The resolution was overwhelmingly adopted by the House on May 29 by a vote of 283 to 57. Senate concurrence followed on June 3 by a vote of 48 to 20.

A notable feature of the altered

trend in business activity was the rise in wages throughout the country. Even if the increase is still small—and a 10 per cent raise does not mean much if the base is infinitesimal—it nevertheless creates some additional purchasing power and does lessen the burden on relief agencies. In the absence of adequate statistics, it was difficult to discover how many men and women were finding new jobs, but, in New York State, employment during April gained 2.2 per cent over March, and in manufacturing industries the nation over, the increase was 1.6 per cent.

Nevertheless, the distressing plight of labor promises to be with us for many a day and it seems doubtful whether millions now out of work can ever be reabsorbed. If the administration's measures become effective, sweat-shop conditions which have flourished during these years of adversity may be wiped out along with the perennial curse of child labor. But the immediate situation is dark, not least for those 150,000 men and women who were to be graduated from the colleges in June. According to an estimate of the Intercollegiate Young Alumni of New York City, not more than 20 per cent of these graduates will be able to find employment.

The Civilian Conservation Corps is providing livelihood for many thousands of young men and by July 1 will have enrolled its quota of approximately 274,000. Despite some sporadic trouble with the recruits, Robert Fechner, director of emergency conservation work, reported on May 27 that morale was high and desertions few. More than 2,500 additional members were added to the corps as the result of the march of a bonus army to Washington early in May. The army, numbering about 3,000 men, was entertained at government

expense at Fort Hunt, outside the capital. While President Roosevelt told the veterans that he would veto any bonus bill, he did offer to enlist the men in the Conservation Corps or to provide them with transportation to their homes—a policy which broke up the movement. As one of the leaders said: "We are whipped and we have to hand it to that smart fellow at the White House."

During May the movement for repeal of the Eighteenth Amendment moved ahead rapidly. Undoubtedly its continued success will be due in no little part to the emphasis President Roosevelt has placed upon the probable relief from excessive taxation once revenue from liquor sales is regained. To the three States—Michigan, Wisconsin and Rhode Island—which had already voted for repeal, Wyoming, New York, New Jersey, Delaware and Nevada were added during the past month. Five more States were to vote during June, but in one of them, Iowa, the outlook for repeal was not bright.

The administration has continued to move slowly with its distribution of patronage, so slowly in fact, that Representative Busby of Georgia attacked the President in the House on May 17 for not taking better care of his supporters. Nearly all the more important posts, however, have been filled. On May 10 Eugene R. Black, Governor of the Federal Reserve Bank of Atlanta, was nominated for membership on the Federal Reserve Board with the assurance that upon confirmation by the Senate he would be named governor of the board. Dean G. Acheson of Maryland has been made Under-Secretary of the Treasury. Among other appointments are those of Alexander W. Weddell to be Ambassador to Argentina, and Dave Hennen Morris of New York to be Ambassador to Belgium.

Guerrilla Warfare in Cuba

By CHARLES W. HACKETT

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THE revolutionary disturbances that began to break out in the Oriente Province of Cuba late in April proved to be abortive, but during May they were followed by similar troubles in other provinces which steadily became more serious. Seventeen men were reported to have been killed in Oriente Province on May 1 when a rebel band, which was believed to have taken part in the disturbances of the preceding week, was defeated by Rural Guards. The following day, in a clash between soldiers and rebels in Oriente Province, several soldiers were wounded and four rebels surrendered.

After meeting with reverses in Eastern Cuba the rebels transferred their activities to the borders of the provinces of Santa Clara and Camaguey. An unsuccessful attack by rebels on a Rural Guard post in Santa Clara Province on May 6 was followed four days later by a clash in Camaguey Province between Rural Guards and forty well-armed and mounted rebels. In this clash two Rural Guards and one rebel were killed and one guard and several rebels were wounded. Between May 14 and May 17, with the operations of the rebels extending over portions of both Santa Clara and Camaguey Provinces, four clashes occurred between government forces and rebel bands, the latter varying in size from seven to more than eighty men. In these engagements about twelve soldiers were killed and a number wounded; the number of rebels who were killed

or wounded could not be ascertained.

On May 18 the United Press reported that the economic and political difficulties of Cuba were "nearly equal to those which prevailed during the latter years of Spanish rule." *The New York Times* reported on the same day that the revolt in progress in central Cuba had spread into Oriente Province where the rebels had seized a small Rural Guard post and carried off arms and ammunition. In the same report it was estimated that "some 2,000 men already are involved in the rebellion, all fully equipped with the latest type of arms which have gradually filtered in through small ports along the south coast of Santa Clara and Camaguey Provinces." About 800 of these rebels had split up into small bands in order to carry on guerrilla warfare. In addition, according to the *New York Herald Tribune*, more than 1,000 well-armed rebels were operating in the Sancti Spiritus section of Santa Clara Province. Reinforcements of government troops were hurried to the disturbed areas from Havana on the night of May 18. Unofficial reports indicated that a dozen rebels and soldiers had been killed and forty wounded in numerous skirmishes in the three-day period ended on May 18.

During the last two weeks of May disturbances in Central and Eastern Cuba increased. Rebel activity at Baracao, at the extreme eastern end of the island of Cuba, caused a detachment of soldiers to be rushed from Santiago on May 19. The next day

Rural Guards stopped all westbound traffic over the Central Highway at a point forty-five miles east of Havana. After a trip through the Santa Clara zone of rebel activity, a United Press correspondent reported on May 21 that 600 rebels were camping under arms in Santa Clara Province and that about 1,400 more in Santa Clara and Camaguey Provinces were cooperating with them. The rebels were said to be securing arms and ammunition from Mexico and to be confidently expecting an expedition from Mexico. The same correspondent reported that at least 2,000 Springfield rifles and nearly 60,000 rounds of ammunition had been received from outside Cuba by the rebels. Revolutionary outbreaks and disturbances continued to be reported throughout Cuba on May 22, and as the month drew to an end the government seemed to be making little progress in restoring order.

Cuba's prolonged reign of terror also continued during May. The dreaded "flight law" was invoked on May 3 against the four rebels who surrendered in Oriente Province two days earlier. On May 7 the corporal who was responsible for the shooting down of these four prisoners as they were given the futile opportunity to outrun bullets was arrested. In Havana on May 6 one policeman was killed and a passer-by was wounded by an exploding bomb. The bodies of three sugar mill guards were found in Camaguey Province on May 19. Three days later a young boy, who said that he had been an unintentional eyewitness at the execution of the three guards by Major Arsenio Ortiz, who had been sent into that zone to quell an uprising, was summarily hanged to a tree. A dispatch to the *New York Herald Tribune* on May 22 reported that people on the way from rural

sections to Sancti Spiritus, Santa Clara Province, had seen "numbers of bodies hanging from trees where Ortiz and his outfit have passed." American owners of the mill at which the three guards were murdered and from which other guards were driven off were reported on May 22 to have protested to the American Embassy in Havana. It appears that Ortiz has been given the choice of leaving Cuba or facing court-martial for murder.

Despite these revolutionary and terroristic activities, President Machado made two friendly gestures to his opponents. Fifty-one political prisoners, including students, university professors and professional men, were released from Principe Prison on May 5. Three days later orders were issued for the release of forty-seven other political prisoners from the Isle of Pines Penitentiary and from Principe Fortress in Havana. Oppositionists charged that this action was designed to make a favorable impression on the new American Ambassador, Sumner Wells, who arrived in Havana on May 7. A second conciliatory move was made on May 8 when the military censors of newspapers in Havana were ordered to turn over the censorship to the Department of the Interior. The orders issued to the censors of that department on May 15, however, clearly showed that the rigid supervision to which the press of Cuba had been subjected under the military censorship had not been relaxed.

Sumner Wells, in a statement made to the press soon after his arrival, indicated that economic matters would receive his immediate consideration. When he presented his credentials to President Machado on May 11, Mr. Wells stated that the United States Government believed that a necessary factor in the rehabilitation of the world was "the mutual agreement on

reciprocal trade agreements," to which President Machado agreed.

MEXICAN PRESIDENTIAL CAMPAIGN

With a Presidential election due in Mexico in the Summer of 1934, certain aspirants to succeed President Rodríguez began to prepare for the campaign. General Manuel Pérez Treviño on May 12 resigned as president of the dominant National Revolutionary party in order to give his followers a free hand in choosing their candidate at the forthcoming party convention. Three days later General Lazaro Cárdenas resigned as Minister of War and Marine in order to be eligible for the nomination of the party, since the Mexican law requires candidates who hold government positions to relinquish them at least a year before the election. Other prospective seekers for the nomination are former Governor Alberto Tejada of Vera Cruz, who represents the radical wing of the party; Ramón de Negri, former Minister of Agriculture and more recently Mexican Minister to Belgium, and Finance Minister Alberto Pani. All candidates of the National Revolutionary party are expected to adopt as a leading plank in their platforms the notable declaration of former President Calles renouncing dictatorship in all its forms.

Finance Minister Alberto Pani left Mexico City for Washington on May 2 to confer with President Roosevelt on economic subjects. But it is significant that he went by way of Ensenada, Lower California, where he talked with former President Calles, who, though out of office, is by no means out of politics. On May 11 Señor Pani and other representatives of Mexico began conversations with President Roosevelt. At the same time a review was undertaken at the De-

partment of State of the whole field of Mexican-American economic, financial and commercial relations and of proposals to rehabilitate silver as a medium of exchange, a matter of great importance to Mexico, which is the world's greatest silver-producing country.

The voluntary payment by the United States Government of \$30,000 as an indemnity to the heirs of two Mexican students, Emilio Cortés Rubio and Manuel Gómez of Morelia, Mexico, who were killed by deputy sheriffs at Ardmore, Okla., in June, 1931, was formally made on May 10.

PANAMA DEFAULTS

On May 11 the government of Panama ordered the temporary suspension of the interest payment due on May 15 on an \$11,000,000 loan negotiated in 1928 with the National City Bank of New York. It was officially announced that this action would not lessen the administration's efforts to economize and that the resumption of interest payments would be made as soon as possible.

STATE OF SIEGE IN NICARAGUA

Although Sandino is quiet, Nicaragua is still not without bandits. On May 12 Congress felt obliged to place the Department of Managua under martial law. President Sacasa explained that although the number of persons engaged in subversive activities was small, the decree was necessary to maintain public order. A week later government officials denied the existence of revolutionary plots.

Because of the economic distress small groups of bandits have resorted to raiding, but they are independent of each other and government forces have thus far had little difficulty in capturing or dispersing them.

Peru and Colombia Make Peace

By HENRY GRATTAN DOYLE

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THE force of international public opinion during May brought South America's two territorial disputes closer to solution. Hostilities in the Leticia area ceased after Peru and Colombia signed an agreement at Geneva on May 25 providing for the evacuation of the territory seized by Peruvian irregulars last September and for the administration of the disputed zone by a League of Nations commission. In the Chaco imbroglio, although Paraguay on May 10 officially declared that a state of war exists between Paraguay and Bolivia, the declaration was largely a tactical move which may ultimately aid the peace efforts of neutral governments or of the League.

The Leticia agreement not only provides a good example for the Chaco contestants, but relieves Peru—which in cooperation with the ABC countries (Argentina, Brazil and Chile) had been trying to compose the differences between Bolivia and Paraguay—of the embarrassment of her ambiguous position as a prospective mediator in one South American dispute while stubbornly maintaining an impossible international point of view in the other.

In reply to a message of congratulation from President Salamanca of Bolivia, President Benavides of Peru expressed the hope that the example of Peru and Colombia would be followed in the Chaco dispute. Two factors, however, stand in the way of any easy settlement of Bolivian-Paraguayan differences: the long-stand-

ing nature of the dispute and the bloodshed that it has caused. Hopes for peace must rest chiefly with the two Presidents, both men of unblemished character and broad intelligence, even if it means that they would be taking their political lives in their hands. But the prize is well worth the stake. Both countries are weary of the war and its needless bloodshed, and, though nationalistic feeling is high, struggles as bitter have been composed and friendship re-established by the right kind of leadership aided by the healing influences of time.

The assassination of President Sanchez Cerro of Peru made possible, or at least hastened, the solution of the Leticia dispute. As pointed out here last month, the assumption of office by President Benavides held out promises of peace. President Benavides and Dr. Alfonso Lopez, a Colombian diplomat, had been intimate friends while each was representing his country in London. This fact and Dr. Lopez's initiative led to an agreement for which the groundwork had been laid by neutral countries, notably by Brazil and the United States, and by the League of Nations. President Roosevelt, in his Pan-American Day address on April 12, referred to the Chaco and Leticia hostilities as a "backward step," and his frankness also undoubtedly contributed to the result.

Following the adoption on March 18 of the League of Nations report on the Leticia incident and the tem-

porary withdrawal of the Peruvian delegate at Geneva, interest reverted to the scene of hostilities, where attacks on Colombian gunboats on the Putumayo River by Peruvian land and air forces were reported. On May 3, however, a new factor was introduced by the passage through the Panama Canal to the Atlantic of the Peruvian cruiser *Almirante Grau* and two submarines. While permitting the ships to go through the canal, the American authorities denied them dry-dock facilities and refused to provision them. The question immediately arose whether the Peruvian squadron intended to bombard or blockade Colombian ports, or was its destination the Upper Amazon? The League of Nations advisory committee on Leticia promptly demanded that Peru explain the transfer of the vessels to the Atlantic. Peru replied on May 7 that the ships were bound for the Upper Amazon, whereupon the League committee requested the neutral nations to refuse to furnish food, fuel or other supplies and facilities until the object of the cruise was made clear. On May 8, however, the ships reached Willemstad, Dutch West Indies, and were permitted to enter the harbor and take on supplies. They left Port of Spain, Trinidad, for Para, Brazil, when negotiations for peace began.

Dr. Lopez on May 6 telegraphed from Manizales, in the western part of Colombia, to General Benavides, reminding him of their old friendship and pointing out the folly of armed conflict and the need of cooperation between the "Bolivarian Republics"—Venezuela, Colombia, Ecuador, Peru and Bolivia—to solve their economic problems. General Benavides in reply expressed confidence in President Olaya Herrera of Colombia and in Dr. Lopez, and invited the latter to

a conference in Lima. Dr. Lopez returned by airplane to Bogota, saw the Colombian President there, and on May 15 reached Lima.

Meanwhile, on May 10 the League committee, headed by Sean Lester, President of the League Council, had proposed the evacuation of Leticia by Peru; a League commission, empowered "in the name of Colombia" to take over and administer the Leticia corridor, enforcing order by international forces selected by the commission; direct negotiations for a settlement of the territorial question; and reimbursement by Colombia of the expense of the commission's occupation of the territory. On May 12, these proposals were formally accepted by Colombia. Apparently the efforts of Dr. Lopez, who left Lima on May 20, had succeeded, for in a secret session on May 21 the Peruvian Congress, by 64 votes to 23, expressed confidence in the policies of José Manzanilla, the Peruvian Foreign Minister, and three days later Peru notified the League of its acceptance of the proposals. The representatives at Geneva of the two nations concerned, Dr. Eduardo Santos of Colombia and Francisco Garcia Calderon of Peru, and the newly elected President of the League Council, Francisco Castillo Najera of Mexico, on behalf of the League, signed the agreement on May 25. It was announced on May 26 that the League commission to be sent to the disputed area would include an American Army officer with administrative experience and a knowledge of Spanish, a naval officer from Brazil and a Spanish diplomat.

Through the friendly intervention of Spain, diplomatic relations were resumed by Peru and Mexico on May 22, almost exactly a year after the recall of General Juan C. Cabral, Mexican Minister in Lima, following com-

plaints by Peru that he had violated diplomatic ethics by association with Haya de la Torre, the Aprista leader and bitter opponent of the late President, Sanchez Cerro. The new régime in Peru, while still suppressing the Apristas, is reported to be no longer employing the harsh measures of Sanchez Cerro. Victor Raul Haya de la Torre is still in prison, where he has been for more than a year. On May 8 a group of American intellectuals presented a petition to the Peruvian Ambassador in Washington, Don Manuel de Freyre y Santander, asking for the release of Haya de la Torre. A similar effort to effect his release was made last January.

THE CHACO WAR

Paraguay's declaration of war against Bolivia on May 10 came a few days after the breakdown of negotiations for ending hostilities in the Chaco. On May 4 it was announced that the ABC-Peru group had abandoned its peace efforts, but Bolivia immediately asked for the continuance of the good offices of the ABC-Peru group and the Washington Commission of Neutrals and suggested that Paraguay define her territorial claims so as to bring about a final solution of the Chaco problem, "not merely a truce that might end in a resumption of hostilities." Assistant Secretary of State Francis White accordingly called a meeting of the Commission of Neutrals in Washington on May 8, inviting also the representatives of the ABC-Peru group. Argentina and Peru were not represented at the meeting, because they had notified Bolivia that their good offices had ceased because of dissatisfaction with that country's reply to their notes of April 22, and because, according to reports, they held Bolivia responsible for the con-

tinuance of the war in the Chaco, which they characterized as an unprecedented example of stubborn opposition to every effort to bring about peace. Bolivia's implied preference for the Washington neutrals over the ABC-Peru group was also resented.

The declaration of war by Paraguay brought forward a problem for the League of Nations, of which both countries are members. The Kellogg-Briand pact outlawing war does not apply, because, while Paraguay ratified it, Bolivia did not. It is therefore not binding on Paraguay as regards Bolivia, a non-signer. Declarations of neutrality by Argentina, Uruguay and Chile were issued on May 13, by Peru on May 14 and by Brazil on May 25. Neighboring governments, however, did not close their ports to supplies for the combatants. This would have proved disadvantageous to Bolivia, since, without an outlet to the sea, she obtains munitions and other supplies largely through Chilean ports. The Argentine Government was reported on May 27 to have closed Puerto Irigoyen, on the Bolivian frontier, to shipments of foodstuffs, but Chile officially notified Bolivia on May 30 that the port of Arica would remain open.

The League Council met on May 15 in special session to consider an appeal from Bolivia for action by the League. Bolivia declared that, by declaring war, Paraguay had placed herself outside the League covenant and incurred the sanctions of Article XVI. The League had cabled both countries on May 11 asking whether they would accept an arbitral decision. The Commission of Neutrals, meeting in Washington on May 12, had promised the League its cooperation. Paraguay agreed to arbitration on May 15, Bolivia on May 16, the latter with the qualification that she de-

sired to "avoid temporary palliatives which might soon lead to fresh conflict."

The League Council on May 20 adopted a report which asserted the authority of the League over its South American members and stated that the frontier between the disputants must be settled by this authority. Recognition of this thesis implied (1) cessation of hostilities, (2) withdrawal of Paraguay's declaration of a state of war, and (3) arbitration of the questions at issue. Furthermore, an international commission would be established to proceed to the spot, supervise the cessation of hostilities, prepare for arbitration and report upon the facts in dispute. The Bolivian argument that Paraguay, by its declaration of war, had rendered itself liable to the sanctions of Article XVI was disposed of by the Council ruling that Paraguay "had not declared war but merely declared that a state of war existed and had existed since June 15, 1932."

The report was immediately accepted without reservations by the Paraguayan representative, while the Bolivian representative said he would transmit it to La Paz. Bolivia on May

27 replied to the League proposals, agreeing to accept them, provided peace were not imposed but negotiated freely, and reiterating her desire for a complete settlement rather than a "dilatatory system which would prove unworkable." "In the present state of the campaign," it said, "and considering the special conditions of Bolivian mobilization, an armistice without the assurance beforehand of definite peace would create difficulties." The efforts of the proposed commission would be sterile, the note continued. Therefore it would be desirable for the efforts of the Commission of Neutrals to be continued. "Bolivia," the note added, "occupies a seat in the League of Nations as an associated country with the right to present her cause freely. If this right were denied, Bolivia would consider herself justified in discontinuing further discussions."

This apparent stalemate ended, for the time at least, the peace efforts of the League of Nations. Meanwhile, the war in the Chaco drags on, with recurrent attacks along the whole front, with a mounting list of casualties, and apparently with no substantial gains by either side.

Britain's Economic Nationalism

By J. BARTLET BREBNER

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INCREASED nationalism underlies recent events in Great Britain. During the past two months that section of British opinion which is pessimistic about the prospects of pacific international action has steadily grown in numbers and influence. This has been due in the first place to Ameri-

ca's abandonment of the gold standard, and then to the American attitude toward gold obligations and to the behavior of Japan and Nazi Germany. All these developments have accentuated the appeal of British nationalism to the disillusioned. As President Roosevelt and Prime Minister

MacDonald have become more "Wilsonian" in their public utterances, the British nationalists have recalled the defection of the United States from international responsibilities in 1919 and 1920, and as Germany and Japan have become more truculent, Winston Churchill has thanked God for the French Army and others have talked about an Anglo-American naval alliance.

In Great Britain, as in the United States, an increasingly sharp division of opinion has developed in government circles. At the end of May, when the radio address by Raymond Moley seemed to indicate that isolationism was winning at Washington, its British counterpart in London gained in strength. Both countries wanted to raise commodity prices, but neither had a recipe to do so that would at the same time lower tariffs. Though Great Britain still regarded herself as a low-tariff country, the rates on manufactured goods were creeping up in face of Japanese dumping, while agriculture continued to demand more protection. The United States admitted her high tariffs, but pointed to her embattled farmers and prostrate copper industry as examples of the almost universal opposition to reducing them.

Basically, the question had become whether, if the United States were transformed into a characteristically modern controlled and semi-closed national economy, the traditional British policies of freer international trade and meticulous international financial probity would any longer be useful.

The agreements concluded at the Imperial Conference at Ottawa last year and the recent dissolution of the Empire Marketing Board under pressure from the Dominions have shown the price that must be paid for Im-

perial trading agreements. The commercial treaties with Denmark, Argentina and Germany were bitterly attacked in and outside Parliament for failing to exploit British potential bargaining power under out-and-out protectionism and for surrendering agriculture and infant industries to unfair foreign competition. The government was urged to raise permanent high tariff walls and to seek prosperity in the development of its colonial empire for the benefit of a protected population in the mother country.

This clash of opinion involved many contradictions. For instance, the surrender to Persia in the matter of the Anglo-Persian oil concession could be set over against the trade wars with the Irish Free State and the Soviet Union. Though the internationalists were still dominant in the Cabinet, there was uneasiness over Mr. MacDonald's reliance on the representations of Norman H. Davis, lest he be repudiated by the American Congress. All foreign and domestic policy was affected by the prevailing uncertainty as to the direction Great Britain would be forced to take. There was some soreness because the United States possessed the initiative.

Attention could be focused most easily on the war debts and the exchange equalization account. At the end of May, the Cabinet was reported to be "split wide open" on the question of paying the June 15 instalment to the United States. Neville Chamberlain on May 30 denied the report that the decision would be left to a free vote in the House of Commons. Parliament agreed to increase the exchange equalization fund from £150,000,000 to £350,000,000. In the debates Mr. Chamberlain categorically denied that the increase had anything to do with the United States going off gold or with efforts to force down

the value of the pound in relation to the dollar. The fund was needed, he said, to adjust minor fluctuations in sterling and to face the disturbing influences of exchange speculations and the torrent of "refugee capital" which was pouring into London. Yet the international financial community persisted in regarding the equalization fund as a British instrument in the prevailing contest with the United States in the depreciation of currencies. Hopes for the World Economic Conference were narrowing down to the possibility of agreement on stable currency levels.

The growing nationalism, moreover, cropped up as a disconcerting and incalculable factor in almost every governmental policy. The Conservative majority in the National Government repeatedly threatened to throw off the moderating influences of their Liberal and Labor colleagues on such issues as the government of India, the incidence of taxation under the recent budget, unemployment insurance and poor relief, the Snowden land-tax and the relief of agriculture. On May 25, for instance, a demand for abolition of the land-tax was said to have had the support of 300 of the 470 Conservatives in the House of Commons. The situation produced many predictions that the National Government would dissolve and that a general election would be held in which party lines would be resumed, with interesting new allegiances for such Ministers as MacDonald, Simon, Thomas and Elliot. The Liberals, nourishing the hope that the situation might be favorable to their old policies, offered a low-tariff union as their solution for the strangulation of international trade.

The statistics of foreign trade and of unemployment for April contradicted each other as indices of economic health. Even allowing for the

three-day Easter holiday, the trade figures were discouraging in comparison with March. Exports were down to £29,920,000 and imports to £51,150,000. On the other hand, the number of unemployed fell by 78,550 to 2,697,634 and the number of employed rose by 91,000. The coal and cotton industries were still depressed, but other enterprises showed more than seasonal improvement. Commodity prices in terms of gold continued the slight rise which began about April 15—an improvement which was smaller in terms of sterling because of the pound's rise to the neighborhood of \$4. Though the free gold market was maintained, neither the Bank nor the Treasury made purchases, since stiff competition among foreign hoarders for bullion which they could store in England tended toward a high premium. The Bank's gold reserve fluctuated slightly near the total of £187,000,000.

Fears of a British form of fascism were revived by the internal dissensions in the British Government. The brusqueness—perhaps calculated—of Hitler's envoy, Dr. Alfred Rosenberg, aroused such widespread resentment that the fears diminished while the Socialists and Communists, who early in May had almost united in excited warnings against the threat, relapsed into their habitual hostility.

THE IRISH BUDGET

The novel and complicated accounting methods in the Irish budget prevent its being described in simple terms. Thanks to the retention of about £5,000,000 owing to the British Government and investors, last year's deficit has been converted into a surplus of almost £1,000,000. Since almost the same scale of expenditure is planned for 1933-1934, and the land annuities formerly payable in the

United Kingdom are to be halved, it was indicated that a loan of about £3,000,000 would be necessary to meet expenses and the £2,500,000 for the payment of export bounties. Great relief was expressed that there was no increase in taxation.

The unexpected announcement on May 15 that the local elections would be postponed from June to November was connected with the intention to extend the local franchise to all adults so as to include de Valera's younger followers. The likelihood that the Senate would reject such legislation and perhaps a bill for its own extinction as well, revived the predictions of a general election in the Autumn.

There is no way of deciding how much longer the domestic economic situation will prove tolerable. Export bounties have helped the farmers to surmount the British tariffs on their produce, but the prices they are receiving are still inadequate. Low prices were an effective answer to governmental appeals to increase tillage. Nevertheless, the farmers and the Irish population are living better than in the days of an open British market. There has been much talk outside government circles of the necessity of ending the economic struggle with Great Britain.

CANADIAN ECONOMICS

During May, Canada was content to respond to, and share in, the pronounced revival of economic activity in the United States. Parliament, instead of adopting new domestic or international policies, was debating vigorously whether the King might grant titles of honor to Canadians, the operation of the new national broadcasting system, and the redistribution of federal electoral constituencies in the light of the census of 1931. On major issues, like banking

legislation and the new shipping act, the tendency was to postpone action until it could be seen whether the economic corner had really been turned. Even the loan of \$750,000,000 considered necessary for conversion purposes and to meet deficits was not to be floated until Autumn.

Practically all the indices of economic activity rose substantially during April and May, and there has been a remarkable surge upward on the stock markets, which was made in some ways more spectacular than that in the United States by the inevitable boom in gold mining stocks. Canada has been selling gold in London at rates which have yielded from \$26 to \$28 an ounce in Canadian funds instead of the former \$20.67. The proceeds of these sales have gone to the purchase of depreciated American dollars for meeting Canadian obligations in New York. Canada's domestic financial difficulties have been reflected by the continued quotation of the Canadian dollar at about 88 cents in New York.

While Canadian wheat exports for the first nine months of the crop season were 182,000,000 bushels, as compared with 132,000,000 bushels in 1931-1932, there was an unexpectedly disappointing slump in this movement during April, which continued into May. Even British purchases fell off in spite of the increased purchasing power of the pound sterling in Canada. Foreign purchases declined still more sharply. This circumstance went far to explain the warm welcome given to the commercial treaty with France which was negotiated by C. H. Cahan, the Secretary of State—a much better arrangement than the treaty which was denounced last year. In general, many Canadian raw materials and French manufactured articles were subjected to the minimum

or intermediate tariffs of France and Canada. Mr. Cahan's success did something to redeem the reputation which he lost when an ill-advised speech of his on Manchuria at Geneva forced the Government to do some unusually plain talking both at Geneva and Ottawa about its rather nebulous Far Eastern policy.

Canadian foreign trade continued to decline sharply during April, as compared with both March, 1933, and April, 1932. In addition, there was a trade deficit for the first time since May, 1932, although it was much smaller than in April, 1932. Exports were \$20,012,000 (\$26,928,000 in 1932) and imports \$20,457,000 (\$29,794,000 in 1932). An interesting feature of the returns was that, for the first time in five months, Canadian exports to the United Kingdom were less than in the preceding year and Canadian imports from the United Kingdom greater.

Soon after the British Royal Commission on Newfoundland moved from St. John's to Ottawa, it became known that Newfoundland's bankruptcy had left open only two courses of action—either reversion from Dominion to colonial status or incorporation in the Dominion of Canada. Long conversations with the Canadian Government took place, but were not made public. Canada is already borne down by her own debt burden and Newfoundland's economic conditions preclude payment of interest on the island's obligations. Yet Quebec would like to secure Labrador, which was enlarged at her expense by the Privy Council award of 1927, and Canadian banks and industries are deeply involved in Newfoundland's plight. The relation between Nova Scotia and Newfoundland has been close for many years, but the Dominion Government has found

it difficult to placate Nova Scotia during the same period.

AUSTRALIAN AFFAIRS

Early in May it was announced that an Australian federal budget surplus of £2,000,000 might be expected, which it was anticipated would be devoted to the reduction or abolition of the property supertax and perhaps a reduction of certain customs duties. The State budget deficits were also understood to be well below the sum accepted in the Premiers' plan. It had been hoped in these favorable circumstances to undertake operations for the conversion to lower interest rates of Australian foreign debts, but, following representations by Stanley Bruce in London as to the unsettled condition of the securities markets, this plan was abandoned.

By a narrow margin New South Wales in a referendum has accepted its government's proposals to choose the upper house of the Legislature by votes of both houses; thus the danger was escaped of its being swamped with partisans under the nomination system used by ex-Premier J. T. Lang. The narrowness of the victory was attributed to the unpopularity of the government's recent economies.

SOUTH AFRICAN ELECTION

The general election in the Union of South Africa on May 17 brought the anticipated victory to the coalition of Hertzog's Nationalists and Smuts' South African party. Out of 150 seats Hertzog's party won 75, Smuts's party 62, Roos's United Coalitionists 2, with 11 scattering. So long as the two old leaders can keep their followers in agreement, virtual dictatorship is possible. The most remarkable incident of the election was General Smuts's generous response to an appeal for help

from the veteran Dr. Malan, a reluctant coalitionist. That action greatly enhanced Smuts's prestige.

Public finance has been rendered easy by the abandonment of the gold standard in the country which produces half the world's gold. The condition of the primary producers, however, has remained bad, and Finance Minister Havenga has indicated that he will tax the extraordinarily enhanced profits of the gold mines by an additional £6,000,000 to relieve the farmers' burdens in debt and production. An increasingly serious agricultural problem is arising from the undoubted drying up of the country as a result of deforestation, veld burning and overstocking.

INDIAN REFORM.

The joint committee for study of the White Paper embodying the British Government's new constitutional proposals for India began its work in London on May 16. The Indian members had not all arrived, but as they were chiefly veterans of the three Round Table Conferences it was expected that they could readily take up the work. As they left India many of them again expressed disappointment with the proposals and announced their intention of working to liberalize the scheme. In India there was a slightly greater tolerance of the new Constitution as opponents shifted their attention from the safeguards for British authority to the powers conferred upon the Indian Legislatures. Moreover, the implacable hostility to the proposals on the part of Winston Churchill and Sir Henry Page Croft, and the growth of their following among the Conservatives, seemed to convince some Indian critics that it was wisest to grasp the present concessions lest Conservative hostility defeat or diminish them.

Mahatma Gandhi fasted successfully from May 8 to May 29 as part of his campaign against Untouchability. The Indian Government released him from Yeravda Prison and he spent the period at Lady Thackersey's villa. He recommended to Congress discontinuance of civil disobedience and of the boycott of British goods for a month, saying that he hoped that peace between the Congress and the government could be restored in that time and that the government would see the necessity of releasing those imprisoned for civil disobedience. Since the government did not release the prisoners, it was possible that Gandhi may soon ask to be put back in Yeravda Prison.

Gandhi's position has become somewhat insecure and obscure. V. J. Patel and S. C. Bose united in repudiating his leadership and in demanding a complete reorganization of the Congress party, which has lost enthusiasm under the restraints successfully imposed upon it by the Indian Government. Other Indians professed themselves in doubt as to the reason for Gandhi's fast and stories were spread that it was partially an atonement for the "impure and extravagant way of living" confessed to by an American disciple, Miss Nila Cram Cook, and reproved by Gandhi. This greater interest in the purity of his disciples in the campaign against Untouchability than in the political struggle with Great Britain seems to have resulted in the defection of part of his political followers. Indeed, the Congress press showed distinct signs of willingness to modify emphasis on non-cooperation and the boycott in order to bring some influence to bear on the new Indian Constitution, and to frame Anglo-Indian policies to meet Japanese dumping and other economic troubles.

French Budget Deadlock Ends

By GILBERT CHINARD

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AFTER many months of heated debate and frequent all-night sessions the French Senate and Chamber of Deputies on June 1 finally agreed on a budget for the current year. Although it shows an actual deficit of about 1,200,000,000 francs and taxpayers' strikes have been numerous and frequently violent, it is expected that public tension over the government's finances will be considerably relieved. Premier Daladier's Cabinet, with the budget out of the way and a vote of confidence in both houses on the government oil monopoly question to its credit, was expected to be in a fairly strong position for the World Economic Conference. Indeed, the Premier, through his tact and skill in devising compromises in exceptionally trying circumstances, appears to have supplanted Edouard Herriot as the strongest political figure in France.

The budget as adopted by the Chamber underwent considerable change at the hands of the Senate, whose Finance Committee proposed to reduce all government appropriations by 5 per cent, to eliminate pensions for war veterans occupying government salaried positions and for war widows who remarried. On M. Daladier's intervention, military expenses were exempted from the 5 per cent cut. He declared that "if people come to understand that it is time to escape from these infernal circles, like those of Dante, and to reach some simultaneous formula of disarmament, then perhaps the reduction of armaments

will be possible, but not until then." He insisted that the efficiency of the French army should be maintained at all costs.

The reductions proposed by the Senate were not accepted by the Finance Committee of the Chamber of Deputies, which added 901,000,000 francs to the expenditures, and only 64,000,000 francs to the estimated revenues. When the Senate's proposal for a 5 per cent reduction came to a vote in the Chamber it was defeated by 338 to 244, and the budget was sent back to the Senate. Through the influence of Premier Daladier the Senate agreed to make an exception of expenditures already ordered while insisting on the 5 per cent blanket reduction. The Senate draft embodying this concession was approved by the Deputies on May 29. But they clung to a bill to organize a government oil monopoly—a proposal already twice thrown out by the Senate. Again M. Daladier intervened. He changed the wording from "organize" to "study and report," forced a vote of confidence on the bill and won in the Chamber by 393 to 200 and in the Senate by 167 to 121. Minor discrepancies were then disposed of and the budget was finally agreed upon by the two houses.

The struggle over the budget had a marked effect on the Bourse. Since January the 3 per cent perpetual *rentes*, considered as an index to the financial condition of the government, fell from 78.50 to 66.50 francs, and

other government bonds proportionately. With the adoption of the budget all these securities rose sharply. General economic conditions, however, show no improvement. During the first four months of 1933 foreign trade diminished by 897,000,000 francs, as compared with the total for the same period last year. This decline was marked by an increase in France's unfavorable trade balance, exports falling 965,000,000 francs while imports actually rose 68,000,000 francs.

The railroad situation is again attracting considerable attention and is thrusting serious problems upon the Cabinet. The railroad has to face increased competition from the highway. Passenger and light freight services organized by automobile companies have already cut down the receipts of the railroads by more than 2,000,000,000 francs this year. As 32.5 per cent of the price of ordinary tickets is taken by the State, the companies are agitating for a reduction of taxes, pointing out that one-sixth of their total receipts goes into the coffers of the State. A complete reorganization of the railroads is contemplated, and elaborate plans have been submitted to the government. They include reduction in taxation, regulation of competition by automobile companies, the merging of two railroad companies (the Orléans and the Midi), and the granting of State subsidies. It is also proposed that two government representatives be appointed on every railroad board. Though all these measures tend to increase State control of the transportation services, they are regarded as inadequate by the Socialists, who desire complete nationalization.

Disturbing as the fluctuations of the dollar have been, official circles have reiterated France's intention to

remain on the gold standard. Rumors concerning the devaluation of the franc have been emphatically denied, and it is generally recognized that the danger for the franc lies not so much in the external as in the domestic budgetary situation. Georges Bonnet, Minister of Finance, stated in the Senate that France must give an example of a country that is determined to keep its currency stable, and he clearly indicated that, in the opinion of the French Government, the Economic Conference could not succeed unless a stable unit of currency were established. "We feel profoundly," declared the Minister of Finance, "that without such a stabilization it is not possible to speak seriously of adjusting tariffs and of laying the basis of an ordered economy, while the common standard of trade remains unstable and uncertain." This declaration was interpreted as indicating the policy that would be followed by the French Government at the conference. M. Bonnet and former Premier Joseph Caillaux were chosen to head the French delegation at London, though Premier Daladier was to preside over it during the first few days.

Much to the disappointment of the French public, the visit of M. Herriot to Washington failed to produce any concrete result, especially in regard to the war debts. Both Parliament and public still consider the debt question as paramount. The press has discussed a number of possible solutions that were supposed to be acceptable to Washington. These have received official denials. M. Herriot is waging a lone fight for the payment of the overdue December instalment, but his view has received no support from the government, nor has it met with any appreciable favor in Parliament or in the press. The French position with reference to the debt question

remains unchanged, although the French press appears to be more appreciative than formerly of the difficulties facing President Roosevelt. But it was generally agreed that Premier Daladier could hardly take the risk of proposing to meet last December's payment on the debt without giving definite assurance of America's granting a moratorium on the next instalment, which was due on June 15.

The French Ministry of War recently made public a statement on the effectives of the French army for submission to the Disarmament Conference. According to this memorandum, in July, 1913, in consequence of the increase of the period of service to three years, the total number of effectives was 979,000, including those in the colonies. In 1921 there were still 816,000, of whom 524,000 were serving in France or in the occupied territories. Since that time the period of military service has been gradually reduced to twelve months, and the total number of effectives has fallen to 603,000, of whom 358,000 are stationed in France. It was pointed out, however, that only 232,000 officers and men are fully trained and available for immediate service, and that this number includes 70,000 forming the "mobile force" that is kept in readiness to proceed to the colonies in case of need.

The anxiety of the French General Staff over the consequences of the low birth rate during the war has been known for a long time. The "danger period," as it is called, includes the years 1935-1938, when the estimated number of recruits to be called to the colors will reach its lowest point. Only 102,000 will be available in 1935, and the enrolment will not reach the normal figure of

130,000 until 1938. This prospect has always been regarded with concern by the French authorities, inasmuch as the period coincides with the time fixed by the Versailles Treaty for the Saar plebiscite and with the expiration of the existing treaties limiting naval construction.

A preliminary meeting of the National Economic Conference, to deal mainly with trade between France and her colonies, was held in Paris from May 8 to May 20. In some ways analogous to the Ottawa Imperial Conference of 1932, its purpose, as expressed by the chairman, Alcide Delmont, former Under-Secretary of State for the colonies, is "to create the closest possible bond between France and her colonies through the most complete organization of our colonial productions." The delegates took an inventory of the resources of the colonies, considered questions dealing with labor immigration, private credits and public works, and discussed the tariff schedules on trade between France and her colonies. While the main conference will not be held until August, this meeting laid the foundation for agreements to be passed upon at that time. On the eve of the Economic Conference in London the meeting was considered significant as tending to impress the French people with the idea that, with the help of her colonies, France constitutes a self-sufficing economic unit. Its immediate result was to smooth over some of the difficulties resulting from the tariff on colonial products, and particularly that on Algerian wines.

BELGIAN FINANCES

Faced with a deficit estimated at about 600,000,000 francs, the Belgian Cabinet asked Parliament when it re-

assembled at the beginning of the month for emergency powers to enable it to take steps to balance the budget. These powers were voted by the Chamber after a twenty-five-hour debate, during which Finance Minister Paul Hymans had to be protected by the ushers from bodily attacks by the Socialists. Outside Parliament there were violent demonstrations by the Communists and the unemployed, and Burgomaster Adolph Max issued an order forbidding all processions and assemblies. In debate, the government was severely criticized for its

decision to pay coupons on loans issued in New York in 1924 and 1926 at their gold value, but the bill passed in the Chamber by 96 votes to 82 and in the Senate by 91 votes to 63. It grants the government full powers in financial matters for three months. The Cabinet was also authorized to contract new loans and to negotiate for Belgium at the World Economic Conference. According to reports, the government intends to reduce the salaries of State employes, to increase emergency taxes and even to reduce or abolish the dole.

Austria Defies the Nazis

By SIDNEY B. FAY

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AUSTRIA, engaged during recent weeks in a severe struggle against the threat of control by the German Nazis, has found in the person of her Chancellor, Dr. Engelbert Dollfuss, a first-class fighter. A man not yet forty years old, and diminutive in stature, he has shown himself possessed of backbone and determination. Besides being a well-trained economist, who has done much to improve his country's financial condition since he has been in office, he has given evidence of considerable political capacity by the vigor with which he has sought to steer a middle course between the various extremist groups opposing his minority government. His particular aim has been to preserve peace among the factions within Austria and to prevent the German Nazis from gaining control in Vienna, whereby they would virtually annex Austria to Germany.

Acting on this program of Austrian

independence, Chancellor Dollfuss early in May forbade the display, except by special permission, of any flags or political symbols, except the Austrian flag. This meant the prohibition of the Hitlerite swastika as well as the Communist red banner and led to serious riots by the Nazi students. At Innsbruck the fire department, after failing to show proper energy in pulling down an insulting Fascist Heimwehr effigy from the flagpole, was dismissed. Later in the month the Chancellor ordered the dissolution of the Communist party in Austria on the ground that its aims were dangerous to the State.

When Dr. Frank, the ardent Bavarian Nazi leader, appeared in Austria with a couple of German Nazis to address a meeting, Dr. Dollfuss told him that his presence was not desired and asked him to leave the country immediately. This was regarded in Berlin as an unpardonable affront and led to

a demand for explanations from the Austrian Minister in Berlin. Meanwhile, Dr. Frank, returning to Germany, declared in a public meeting: "We will not permit our Austrian brother nation to slide into spheres of action that are opposed to those of Germany. We shall continue to fight for union between Austria and Germany with all legal means as a historic necessity, as a historic bridge into the future of the new Germany."

As if to chastise Austria for its anti-Nazi attitude, Chancellor Hitler decreed a visa charge of 1,000 marks (about \$275) for German tourists entering Austria, thereby striking a blow at Austria's tourist trade, which is valued at 40,000,000 marks a year. Austria replied with the announcement that it would grant reduced railway rates to German tourists. There was also talk of an Austrian embargo on German imports, or of a refusal of foreign exchange for the purchase of German goods. Such a trade war would injure Germany much more than Austria, for the latter's purchase of goods from Germany annually exceeds by \$30,000,000 her sales to Germany.

Whether Chancellor Dollfuss will succeed in his effort to keep Austria from falling under Nazi economic and political control remains to be seen. His support is drawn from the Catholics, the Socialists and the Jews. A veiled but unmistakable assurance to the Jews of Austria was given in a recent address in Vienna, which was broadcast to America, in which he said:

"Every form of race hatred or class hatred is contrary to Austrian character; in Austria all citizens have equal rights. The reconstruction of the Austrian Constitution, with which the government is now dealing, will be profoundly inspired by this mod-

ern conception and by the modern idea of the State."

Against Chancellor Dollfuss, however, are most of the Austrian students, the Fascist Heimwehr and the Austrian Nazis. Students threw stones at the train in which he was traveling to Salzburg, and they caused such a riot at the University of Vienna when he was to speak at a meeting in memory of the German Nazi hero, Albert Schlageter, that the police had to be summoned and the meeting given up. Much will depend on the continuance of his success in bringing better economic conditions to Austria and thereby lessening general discontent.

THE SAAR AND DANZIG.

In German territories other than Austria, Nazi control of Germany has had important repercussions. In the Saar territory Nazi activities have caused great resentment and have acted as a boomerang to weaken their cause, while in Danzig the Nazis have won a signal victory similar to their recent success in Germany.

On May 23 G. G. Knox, president of the commission which governs the Saar territory in the name of the League of Nations, demanded that the League Council should adopt measures to protect German officials there against Nazi menaces. Pointing out the necessity of making proper conditions for the plebiscite to be held in the Saar in 1935, he said that legitimate anxiety existed in the minds of 12,299 loyal Saar officials lest the Nazis should apply the German anti-Semitic program to the Saar in case that region should vote to return to Germany. Nazi newspapers in the territory, he said, had threatened these German officials with reprisals if they took an anti-Nazi attitude and continued to follow their consciences in

unswerving loyalty to the service of the League commission. Deploring the Nazi propaganda in the Saar, he added: "In the strictly administrative sphere pressure of this kind may have most serious consequences, and it is, in any case, inadmissible in a territory the future peace of which is still uncertain. The governing commission is therefore determined to combat it with the utmost vigor."

In the Danzig Free State, with an area of 754 square miles and a population of about 400,000, Nazi influence has increased so greatly during recent months that the police and a large part of public opinion have been won over from the formerly dominant Socialist party. Local Nazis, following the example of their party comrades in Germany, have been able to seize the building and funds of the Socialist trade unions, with the result that some Socialists talked of appealing to the hated Poles to protect them against their German political opponents.

It was therefore a foregone conclusion that, in the elections of May 28 for the Danzig Volkstag, the Nazis would be victorious. According to the preliminary figures, they actually scored a gain of 323 per cent over the previous election on Nov. 16, 1930. They polled 107,619 votes out of a total vote of 215,135, or just over 50 per cent. Only the Centrists showed a slight gain. The Communists dropped 6,000 votes, the Nationalists 12,000 and the Socialists 10,000.

Hermann Rauschning, who was put forward as the Nazi candidate for President of the Danzig Senate in place of the former President, Dr. Ernst Ziehm, declared after the election that the Danzig Free State would respect the existing Constitution and all its treaty obligations, adding: "The Jewish problem plays no rôle. We Nazis

are ready to clear the atmosphere with reference to all Polish-German questions, but only on a basis of mutuality." Though there has been chronic friction between Poles and Germans in Danzig, the election passed off without serious disorders.

NAZI RULE IN GERMANY

The economic relief plan of the Hitler government was made public in part on June 1. A program of government-financed public works, it is hoped, will partially relieve unemployment until industry and agriculture have regained their former prosperity. Interest rates on agricultural debts are to be reduced $4\frac{1}{2}$ to $5\frac{1}{2}$ per cent, the government paying the creditors the difference. Agricultural estates that are hopelessly encumbered with debt are to be divided into peasant holdings. To promote marriages, which have fallen off in number since the war, a special tax is to be placed upon bachelors, while government loans will be made to young couples who wish to marry. Those receiving such loans would repay in instalments, the wives meanwhile being debarred from accepting work outside the home unless their husbands earn less than 125 marks a month. Those working on the government projects—roads, bridges and so forth—will receive their regular unemployment dole, one warm meal a day and scrip for the purchase of clothing and household goods. But the larger aspects of the Hitler program of remaking the German Reich have still to be disclosed.

The restrictions on the freedom of the German press, already drastic, were further tightened by a law of May 20 which was to become effective on June 1. This new censorship law extends the penal provisions for treason from purely military to diplo-

matic affairs. It provides that "whoever obtains objects or news that the welfare of the Reich or a State requires shall be kept secret from other governments with the intention of transmitting them to another government or publishing them will be punished with imprisonment at hard labor up to ten years." Under the first press decrees of the Hitler government only the dissemination of false reports was punishable. By the new decree the distribution of true reports is also punishable if secrecy is held desirable by the government. It is not clear whether this law is applicable to foreigners or not, since there is some doubt whether a foreigner can commit treason against a country of which he is not a citizen.

On March 23 it was reported that *Germania*, which for more than half a century has been the official organ of the Catholic Centre party, was to be detached from the party and would no longer be its official organ. Through a stock-ownership arrangement between Vice Chancellor von Papen and the Prussian Credit and Cooperative Bank, which is owned by the Prussian Government, *Germania* was to become a Catholic conservative paper. Several of the leading Socialist newspapers have been forced into bankruptcy, the latest being the *Volksstimme* of Frankfort-on-the-Main and the *Volksblatt* at Nassau. On May 29 the German Government suspended for three months the publication of the *Deutsche Allgemeine Zeitung* for its criticism of the government's imposition of a retaliatory visa charge of 1,000 marks on Germans wishing to visit Austria. This newspaper was distinguished by its pro-Hitler policy in Republican days, but recently its attitude of independent criticism and its courage in expressing moderate views have in-

curred Nazi displeasure. This same independence had made it one of the most popular and influential German newspapers since Herr Goebbels became Minister of Propaganda.

The first considerable check to the success which the Nazis have enjoyed since Hitler came into power occurred in the refusal of the German National Protestant Church to accept his dictation in the choice of its Bishop. In accordance with the Nazi policy of unifying Germany, twenty-nine Protestant organizations hitherto separate in organization have been united in a single German Protestant Church, which has a common creed, though at the same time each church retains its own individual creed.

At the head of the united church there is to be a Lutheran Bishop and cooperating with him a spiritual ministry or cabinet representing non-Lutheran evangelical bodies. Each member of this cabinet will conduct the affairs of his particular faith. A national synod is to be created, partly by election and partly by appointment, consisting of persons who have given outstanding evidence of their abilities in church matters. This synod is to cooperate in promulgating church legislation and in appointing church heads.

So far, in amalgamating the churches with a common creed and a unitary organization, there were no serious conflicts between the Nazis and the Protestants. But when it came to the choice of the Bishop who should preside over the church, sharp disagreement developed. The Protestants elected the Rev. Friedrich von Bodelschwingh, widely known as a welfare worker and a non-political clergyman. Since he had not been identified with any political party, his supporters hoped that his choice as Bishop would arouse no violent oppo-

sition and secure the church against political interference. His election, however, roused the ire of the Rev. Ludwig Mueller, a chaplain in the army and one of Chancellor Hitler's chief advisers in religious matters. As head of the "German Christians," a group of Nazi Protestants, Mueller expected and insisted that he should be elected, and when he was not he broadcast a bellicose statement declaring that the new church had "not understood the call of the hour nor heard the voice of God summoning us to valorous deeds. We German Christians cannot accept this election."

The most notable protest against Nazi oppression of Jews has been the petition to the Council of the League of Nations from Franz Bernheim, a former resident of the German Upper Silesia. His petition, drawn up in Prague on May 12 and presented to the League Council at Geneva a week later, pointed out that the dismissal of Jews in Upper Silesia is contrary to the German-Polish Convention of May 15, 1922, in which the German Government guaranteed the same civic and political rights to all inhabitants of German Upper Silesia, without distinction of race, language or religion. It declared that the anti-Semitic legislation of the Hitler government had been applied in Upper Silesia as in the rest of Germany, and requested the League of Nations, as the guarantor of minority rights, to take measures to put an end to this legislation so far as it affected Upper Silesia in violation of the German-Polish Convention.

The Hitler government sought to prevent the question from being aired publicly at Geneva by informing the League that if infractions of the 1922 convention had occurred this could only have been the result of errors committed by subordinate officials. Nevertheless, the Council of the

League decided to consider the petition. On May 30 Sean Lester, the Irish member of the Council, reported that Germany's anti-Semitic legislation did conflict with Germany's treaty obligations in Upper Silesia, but stressed Germany's recent declaration to the Council which implied that she would annul the illegal legislation in Upper Silesia, that those who had lost their employment thereby would be reinstated without delay and that other questions of compensation would be investigated locally.

Friedrich von Keller, the German representative, held to Germany's recent declaration, which he affirmed should be sufficient. Refusing to accept Mr. Lester's report, he contested Herr Bernheim's right, first, to submit the petition at all, and, second, to raise the general issues that he did, since Bernheim himself was not affected by the laws he complained of. Though Germany abstained from voting, the report was adopted. The hearing on the substance of the report has been postponed pending consideration of Germany's two objections by a committee of jurists.

During the discussion many members of the Council, in firm but friendly tone, deplored the general anti-Semitic movement in Germany. By softly spoken statements it seemed as if they would shame the Hitler government into amending its anti-Semitic program throughout Germany and warn it by implication that if it continued to be recalcitrant they would go into the matter so far as it affected the legal situation in Upper Silesia.

Meanwhile the world-wide protest against the Nazi oppression of the Jews has continued and seems to have had some slight effect in Germany. American Jewish organizations have begun a campaign to raise \$2,000,000

to aid the destitute Jews in Germany. Rabbi Jonah B. Wise made a trip to Germany to confer with Jewish leaders there in order to give them aid and comfort and to confer with them concerning the best way to secure measures on their behalf. The German Government appears not to be opposed to this movement.

Twelve hundred American clergymen of the Christian faith, representing twenty-six denominations in forty-one States and Canada, on May 26 made public a petition to be sent to the leaders of a dozen Protestant denominations in Germany. Other protests have been forwarded by American students to German students. Fifty-one prominent members of the New York Bar Association on May 28 sent to Secretary of State Hull their protest on behalf of German lawyers, and requested Secretary Hull to transmit their protest to the German Government if such action were consistent with diplomatic usage and precedents.

Certain trade organizations have adopted agreements to boycott German goods, and the trade-mark, "Made in Germany," has again become a handicap. German ships arriving in foreign ports have, in some instances, encountered trouble from dock workers who, perhaps more out of sympathy with the Communists and Socialists than with the German Jews, have demonstrated and refused to unload German cargoes.

As an indication of somewhat more moderate treatment of Jews, it was announced on May 19 that Jewish stockbrokers would be allowed to continue their calling. On May 23 at the meeting of the Kaiser Wilhelm Society for the Advancement of the Sciences, Professor Max Planck, German physicist and Nobel prize winner, who recently resigned his pro-

fessorship in protest against the government's anti-Semitism, declared as president of the society that no one in Germany could be permitted to stand aside from the National Revolution. The society sent a message to Chancellor Hitler giving "its solemn pledge that German science is ready to cooperate joyously in the reconstruction of the new National State." No more scientists of Jewish extraction have been eliminated from the society and three Jews were re-elected to its governing board.

On May 28 a gigantic memorial service was held near Düsseldorf to dedicate a great cross in memory of Albert Leo Schlageter. A young patriot who had fought through the war, he took part in the struggle against the French occupation of the Ruhr in various ways—for instance, by sinking canal boats to obstruct the French transportation of German coal from the district. He was seized by the French and shot. Little attention was given to the event at the time, but since then he has become the national hero of the revival of the German spirit.

In order not to give offense to France and to avoid increasing Germany's political isolation, Chancellor Hitler did not attend in person nor allow the participation of the Reichswehr in the celebration. But members of his Cabinet were present, as well as large delegations from the Storm Troops and the Steel Helmets and masses of school children. Hermann Goering, Reich Aviation Minister and Prussian Premier, who delivered the main oration to the 300,000 persons in attendance, celebrated the triumph of the spirit of Schlageter, not as a triumph over the France that killed him, but over the former "Marxist" régime which forgot him.

Spain at War With the Church

By WILLIAM E. LINGELBACH

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THE struggle in Spain between the State and the Catholic Church entered upon a new phase on May 17, when the Cortes by a vote of 278 to 50 passed the bill forbidding teaching by members of the religious orders. As finally adopted, the measure ranks with the statute on Catalan autonomy as one of the most important enactments of the Republican régime. Under its provisions, teaching by monks and nuns must cease in the secondary schools by Sept. 30 and in primary schools by Dec. 31. More than 80,000 teaching members of the religious orders will be affected, while the government will be faced with the difficult task of finding lay teachers to replace them. The passage of the act also brings into force automatically the provisions for the nationalization of all church properties, which have an estimated value of over \$500,000,000. They will remain in the custody of the clergy, but will be subject to the disposition of the republic.

Almost as President Zamora signed the bill, Pope Pius addressed an encyclical to the Bishops, clergy and people of Spain protesting against the anti-clerical legislation of the Spanish Republic. The encyclical condemned the separation of Church and State as a "very grave error" and scored the ban on teaching by the congregations as a measure of "deplorable ingratitude and flagrant injustice." The Pope also declared that "while all opinions, even the most erroneous, are to have ample ground to manifest themselves, only the Catho-

lic religion, which is the religion of almost all Spanish citizens, is to see its teaching odiously spied upon, its schools and other institutions hindered and the exercises of Catholic worship, religious processions, even the administration of sacraments to the dying and the celebration of funerals for the dead impeded." Finally, all Spanish citizens were called upon to defend the faith. Meanwhile, as the government, ignoring the encyclical, made haste to put the religious laws into effect, the threat of excommunication hung over the President of the republic and the Deputies who voted for the church laws.

The Church Bill on religious teaching was passed in the midst of a threatened political crisis. Encouraged by success in the municipal elections, Opposition groups in the Cortes renewed their attacks on Premier Azaña's Left Wing Socialist coalition with renewed vigor. According to *El Sol*, Opposition Republicans elected 4,206 town councilors, the parties of the Right—chiefly Monarchists—4,954 and the pro-government groups 5,048. The women's vote and the strength of the Conservatives and Monarchists in the provinces, where a large percentage of the electorate is still illiterate, account in the main for the anti-Republican returns. Speaking for the Republican Opposition, Deputy Martinez Barrios refused flatly to accept Azaña's proposal for a truce till the government measures were adopted. The Opposition, he declared, would continue its filibustering tactics until

the Ministry, recognizing that it no longer had the confidence of the people, resigned. Monarchist Deputies were even more irreconcilable in their attitude. The government, however, retaliated by passing a gag law limiting amendments and debate, and then proceeded to force the last sections of the pending Church Bill through the Cortes.

The Socialists, who constitute the strongest group behind Azaña, on May 1 gave an impressive display of their strength through a strike of the labor unions in the principal cities of the nation. All business was suspended; street cars, subways, taxis, mail, telegraph and telephone service ceased; shops, restaurants, theatres and places of amusement were closed. There was no place to go and no means of going. In Madrid it was impossible to get meals, buy milk or food, or, for that matter, to spend money. As a warning to the enemies of the republic and to the Republican Opposition, this scientifically planned paralysis of the life of the urban communities seems to have had a salutary effect. But the government went further. On the night of May 8 it arrested General Goded, whose Royalist sympathies were suspected, despite his offer to overthrow the Rivera dictatorship and his reply to Alfonso in April, 1931, that the army would no longer fight for him. Later in the month he was exiled to the Canary Islands, while a score of naval officers were placed under arrest for attending a political dinner in honor of Alejandro Lerroux, the leader of the Opposition in the Cortes.

Desultory disorders continued during the month. Three churches were bombed in Burgos. A strike of the Anarchist-Syndicalist group failed utterly, but not till it had paralyzed for a short time a score of towns in

the Barcelona area. The Socialist General Labor Union, for example, forbade its members to join in the strike and once again brought into sharp relief the difference between Socialists and Syndicalists. The Basque Nationalist dissatisfaction manifested itself by an attack on the Presidential party during President Zamora's visit to Bilbao. A considerable number of Basque demonstrators were arrested. In Catalonia lawlessness and terrorism continued; clashes between Syndicalists and the police occurred frequently during the first two weeks of May.

The hostility of Spanish Communists to Hitler and the Nazi régime in Germany nearly brought disaster to the German freighter *Klio* which arrived at Seville on May 26 flying the Nazi flag. When the stevedores, who are mostly Syndicalists, refused to unload the vessel, the German officer, hoping to placate them, hauled down the Nazi emblem and hoisted the Spanish flag. By mistake, however, it was the flag of the monarchy. A new riot ensued during which Alfonso's flag was torn down before the police restored order. At Barcelona the Socialist trade union issued orders not to unload ships flying the Nazi ensign.

At the beginning of the month the officials of the General Motors Company, who had been held for trial under heavy bail for the illegal export of specie from Spain, were unexpectedly released for want of adequate evidence. New and better trade relations with the United States have been advocated by different Chambers of Commerce, especially that of Barcelona. The American Chamber of Commerce of Madrid has begun an inquiry into the problems of Spanish-American trade, the results of which it is proposed to present to Claude

G. Bowers, the new American Ambassador. In commercial quarters generally it is hoped that he will arrange a new treaty to restore the reciprocal trade concessions that existed before 1930.

Ambassador Bowers has already won popularity with Spaniards by his attendance at a major bull fight and his frank admission that he liked it. Despite the very considerable increase in athletics under the republic, bullfighting continues to be the Spanish national sport. The magnificent new bull ring nearing completion in Madrid will replace the old Plaza de Toros and will seat 24,000 persons, 10,000 more than the old arena. The season for the sport opens officially on Easter Sunday and lasts until Autumn. During this period, two major bull fights take place in the great ring every week.

SOVIET-ITALIAN TRADE

After protracted negotiations, the trade agreement between Italy and the Soviet Union was formally signed on May 6 by Mussolini and M. Levenson, Russia's Trade Commissioner to Italy. By its terms, most-favored-nation treatment is extended to all Russian goods exported to Italy. In the list of articles of commerce between the two countries, Italy will export manufactures such as motor cars and electrical equipment, importing in turn wheat, timber, metals and other raw materials. Because the treaty is typical of the bilateral commercial agreements so popular in recent years, it has an especial significance on the eve of the convening of the World Economic Conference. After the enactment of the Smoot-Hawley tariff, European countries became hostile to America, adopting retaliatory policies. Acrimonious press attacks and prolonged discussions made matters

worse and soon led to hostile trade measures. Thus, Italian duties on American imports were rapidly increased; on the cheaper class of Fords, for example, from \$350 to \$812.50. A 15 per cent ad valorem duty was imposed on all except a few exempted articles. As a result, a good deal of Italian trade has been gradually diverted from the United States to countries which are ready to grant reciprocal advantages to Italy's agricultural products, as well as to her marble, cars, ships, and silk, wool and cotton manufactures.

Increasing government control of industry, agriculture and commerce gives Italy a peculiar advantage in negotiations on international trade matters. In agriculture the results of Mussolini's "Battle of the Wheat," according to official reports, show that wheat production has increased 70 per cent since 1922, from 43,992,000 to 276,835,240 bushels, with only 6½ per cent increase in the area cultivated. Such an increased yield per acre, with an improvement in quality at the same time, is remarkable. By extending the campaign to include other crops, rice production has been increased 41.4, corn 54.5 and oats 64.6 per cent. According to many, the more general term "Battle of Agriculture" more correctly defines Fascist activity in this respect. Another phase of the movement is seen in cheaper costs. This is reflected further in the trade balance, which stood at 549,000,000 lire at the end of April, as against 770,000,000 lire at the same time last year. [At par the lira is worth 5.26 cents.] Both imports and exports fell heavily during the first four months of the year, but the more favorable trade balance is mainly due to the falling off in the importation of foodstuffs.

In the political realm the arrest of

twenty-four students at the University of Rome because of anti-Fascist leanings is regarded as a possible preliminary to a purging of the higher institutions of learning. More significant is the request of the Minister of Finance for an additional appropriation of over 3,000,000 lire for political investigation and the incorporation with the political police of the officers of the Black Shirt Militia. That differences of opinion exist within the Fascist ranks again became apparent with the resignation of Deputy Leandro Arpinati, Under-Secretary of State for Home Affairs, after a disagreement with Starace, the Secretary General of the Fascist party. Arpinati has been a distinguished member of the party from its early days, and his difference with Starace reflects the frequent divisions over policies between the provincial leaders and prefects and the Fascist federal secretaries. According to press reports, Deputy Arpinati will continue as chairman of the Italian Olympic Committee.

Premier Mussolini on May 24 reviewed Rome's 40,000 Young Fascists—the Balilla, the Avanguardista and the Young Fascists of Combat—on the occasion of their graduation to the higher rank. On the following day, in commemoration of the World War, he reviewed 10,000 motorcyclists, "Centauri," giving the Fascist salute as they rode by.

While the youth groups of fascism reply to the query, "To whom the future?" with shouts of "To us," Italians generally are being made more and more race-conscious by the reclaiming and restoring of ancient monuments. In preparation for the 2,000th anniversary in 1937 of the birth of Augustus, the founder of the Roman Empire, Professor Paribeni, the Director of Fine Arts, announced that the monuments to Augustus throughout

Italy would be restored. In the meantime, Mussolini himself has undertaken to write a life of Julius Caesar based not on Plutarch's life, which served as the source of Shakespeare's *Julius Caesar*, but upon the little known but more authentic chronicles of Dion Cassius Cocceianus. According to the announcement, Giovachino Forzano will again collaborate with the Duce.

Unhappily, friction with France and the Little Entente powers has continued. Early in May Ugo Traviglia, a young warrant officer of the Ministry of Marine, who had been induced by a handsome young woman, Camilla Agliardi, to betray important military secrets to the French and the Yugoslavs, was secretly tried by a military court and shot. Upon the request of the King, the woman's sentence was commuted to life imprisonment.

On May 4 Admiral Siriani, Secretary of the Navy, announced that two new cruisers of about 7,000 tons each and two torpedo boats of 600 tons each were to be built during 1933-34.

PORTUGUESE COLONIES

During April and May much excitement prevailed in Portugal over the rumor that the Portuguese colonies had been discussed by the powers at recent diplomatic conferences. Despite British assurances that the rumor was without foundation, the affair occasioned much chauvinistic oratory and writing. That Portugal is thoroughly awake to the needs of developing her colonies is evident. That her small population and equally small resources make an adequate program in that direction possible is not so certain. In the meantime, the government is in a strong position at home. Even finances, under the able administration of Dr. Oliveira Salazar, are sound and gold reserves are 44.10 per cent of the liabilities.

Poland's Diplomatic Problem

By FREDERIC A. OGG

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NOWHERE in Europe has the projected four-power pact of Great Britain, France, Germany and Italy been opposed more vigorously than in Poland. Far from promoting or enforcing peace in Europe, according to the almost unanimous opinion of press and official circles in that country, the pact would produce only uneasiness and fear. The broader agreement embodied in the covenant of the League of Nations would be upset and an autocratic directorate established which would be unsympathetic to the principle of international democracy supposed to underlie that instrument. Furthermore, while frontier revision may be postponed for a period of years, the Poles believe that the main objective of Germany and Italy, and, to a less extent, of Great Britain, is revision and Poland is bound to resist it. The official *Gazetta Polska* declares that no alteration of the plan along lines which would still leave it some meaning could be acceptable to Poland, and in an interview on May 23 Foreign Minister Beck asserted that his country rejected any and all schemes looking toward supplanting the supremacy of the League by that of an inner circle of four or any other number of larger powers.

Indications of Polish-Soviet friendship, based on the recently signed non-aggression pact, have multiplied. On May 1 Marshal Pilsudski, who rarely sees foreign diplomats, received the Soviet envoy Owsiejenko; a Soviet trade mission, bent on a study of Polish commercial and industrial condi-

tions, has participated in a Polish national holiday celebration, and Poland was represented officially in the May Day parade in Moscow. A Soviet art exhibition was Warsaw's most successful artistic event of the year. Still other evidence could be cited. With Germany claiming large areas of Polish territory and manifestly bent on treaty revision, and with a militant Nazi government installed in Berlin, the Poles are more than ever certain that as between their great eastern and western neighbors the former is the one to be cultivated and trusted. Marshal Pilsudski is reported to have assured the Soviet envoy that the war is forgotten and its consequences liquidated.

The month of May, to be sure, saw a good deal of effort to improve relations between Poland and Germany. After a conference on May 3 between Chancellor Hitler and Dr. Wysocki, the Polish Minister in Berlin, it was reported that both nations intend to act strictly within the framework of existing treaties. As a correspondent of *The New York Times* remarked, the statement suggested only the customary hackneyed diplomatic phraseology. Nevertheless, it was taken as a promise to maintain the status quo, if not evidence of an actual rapprochement, between the two countries. It was suspected, too, that Premier Mussolini had urged upon Vice Chancellor von Papen and Captain Goering, when they recently visited Rome, that improvement of German-Polish relations would help to fore-

stall a Polish pact with the Little Entente which might eventually block the way to a German-Polish accord. Prevention of a close link between Poland and the Little Entente not only would ease Germany's position in regard to some of the difficult problems awaiting solution along her eastern frontier, but would also fall in with Mussolini's policy by averting extension of the Little Entente's field of influence in Central Europe through the acquisition of active Polish cooperation.

The first normal succession to the Presidency in the Polish Republic's stormy history occurred at the end of May, when President Ignace Moscicki, Professor of Chemistry at Lwow University, was inaugurated for his second term. At the election on May 8 President Moscicki—who had the all-important support of Marshal Pilsudski—received 333 votes in the National Assembly, which acts as the electoral body; a Communist candidate received three, and the rest of the Opposition, composed of Socialists, Nationalists, Peasants and Ukrainians, refrained from voting. President Moscicki was first elected to the office on June 1, 1926, after Marshal Pilsudski's refusal to accept the Presidency following the coup d'état. While in office he has kept aloof from politics.

On May 10 Colonel Alexander Prysor retired from the Premiership for reasons of health and was succeeded by Major Janusz Jedrzejewicz. The Cabinet otherwise was unchanged except for the portfolio of Agriculture which was assigned to M. Nakoniecznikoff, former Under-Secretary of the Interior.

CZECHOSLOVAK FOREIGN RELATIONS

At a meeting of the Foreign Affairs Committee of the Czechoslovak Parlia-

ment on April 25, Foreign Minister Benes made a notable speech in which he reviewed the outstanding problems of Europe and stated the relation of his country and of the Little Entente toward them. Conceding that minor frontier rectifications might become desirable, he insisted that they should be made only on the basis of Article XIX of the League covenant, maintaining that, in general, existing treaty provisions concerning frontiers are "final and unalterable." M. Benes undertook that if changes should be forced he would do his best to guard against any weakening of Czechoslovakia's position. Interpreting Mussolini's plan for a four-power pact of major powers as "the climax of Fascist ideology and political practice" during the past ten years, he found something in it to approve, but deplored any tendency to erect a European directorate that should result in making pawns of the lesser States after the manner of pre-war days. He ardently defended the Little Entente as a stabilizing and necessary factor in Central European politics, and denied that it was created as a defense against Hungary, or was inspired from Paris, or is "a vassal of the policy of Paris and an instrument of French hegemony."

Continuing its efforts to prevent the spread of Hitlerism into Czechoslovakia, the Prague Government on May 8 published a list of 334 foreign newspapers, the circulation of which was prohibited. Austrian Nazi journals were included, though naturally the majority were German, including the *Voelkische Beobachter* and other leading organs of the Hitler government. In Troppau and other frontier districts, government manifestoes warned the populace against political excursions into Germany and the cultivation of relations with Nazi troops.

The Czechoslovak delegation at Geneva on May 19 stated that, contrary to rumor, Foreign Minister Benes would not take the initiative, as a member of the League of Nations Council, in bringing the Jewish situation in Germany before that body. It was added, however, that he would support such a move if some one else started it.

HUNGARIAN POLITICS

Budget debates in the Hungarian Parliament shortly before the middle of May were enlivened by numerous references to the new international situation created by the advent of militant Hitlerism in Germany. Practically all speakers, irrespective of party, were agreed that if a union of Austria with Germany should result, Hungary would be gravely endangered, and the Legitimists—now led by Count John Zichy, in succession to the late Count Albert Apponyi—seized the opportunity to argue that only by a monarchist restoration in Hungary, to be followed by close co-operation with Austria, could the menace be averted. Deputy Bleyer, a professor in the Budapest University, and a spokesman of the German parliamentary minority, protested against the lack of provision for German schools in the country and declared that the question of treaty revision as affecting Hungary was irrevocably bound up with fair treatment of minorities. For his rashness he was challenged to a duel by Nationalist Deputy Zslinszky. A Nationalist demonstration against Professor Bleyer by students of the university culminated in the arrest of fifty-six of their number.

Meanwhile, the hopes of the Hungarian Legitimists and to a degree of Austrian as well, were dashed by a speech of Premier Goemboes, who de-

clared that no form of political union between the members of the old dual monarchy was to be contemplated, and that a revival of kingship at Budapest would not contribute in any way to relieving the country of its troubles. The Legitimists were admonished to drop their schemes which would merely bring them into conflict with the government.

Replying on May 28 to a proposal of Deputy Max Fenyeo, as president of the Industrial League, that Hungary should divorce her revisionist claims from those of Germany on the ground that Hungary can count on the world's sympathies while Germany can no longer do so, Foreign Minister Kanayaya told Parliament that revision of the peace treaties can be treated only as a whole. He stated that he believed it improbable that the Hitler government would revive the movement for *Anschluss*.

GREEK POLITICAL STRIFE

The fourteen-hour dictatorship in Greece of General Nicholas Plastiras on March 6 had further reverberations on May 12, when General John Metaxas introduced in the Chamber a bill of impeachment against ex-Premier Venizelos on charges that not only had he failed to order the "dictator's" arrest but that he had actually incited the coup. The Tsaldaris Cabinet, which had sought to prevent any action against the former Premier and his colleagues, on May 19 urged the Chamber not to proceed with the Metaxas motion, on the ground that to do so would merely increase unrest in the country. In the end the majority yielded to the argument and it was announced that the Chamber would probably adjourn for two months to enable the Premier and certain of his colleagues to go to the Geneva and London conferences. Venizelos derided

the government's action and, considering the charge as still hanging over him, denied that he would seek amnesty or would accept it until his guilt had been proved.

Although the People's party, which is now in power, has nominally acquiesced in the republican form of government, many of its most prominent members, including Premier Tsaldaris himself, are known to be royalists at heart. Therefore the defeat administered to Venizelos and his forces at the last election has raised the important question of whether the country is going to revert to monarchy. There is no present means of knowing, but it is interesting to observe that whereas until recently the only serious candidate for the throne was the exiled King George, a movement has now begun for a return to the Wittelsbach family in the person of Prince Rupprecht, the former Bavarian Crown Prince. The rule of the Wittelsbachs in Greece began exactly a hundred years ago, and lasted thirty years. Not long since, Prince Rupprecht spent a few days in Athens.

On May 21 the \$7,500,000 American share of the Greek public works loan, held chiefly by J. & W. Seligman and the National City Bank of New York, was renewed for a period of twelve months, with interest at 3 per cent, half the previous rate.

BULGARIAN AFFAIRS

Conditions in Bulgaria continue almost incredibly bad. Because agricultural prices are down to the lowest levels on record, large portions of the population—80 per cent of which is engaged in tilling the soil—are in deep distress. Actual starvation is reported in both country and town. Capitalizing this situation, both the Communists and the Macedonians are car-

rying on a persistent agitation with which the government has thus far found only ineffectual means of dealing. As recorded in these pages last month, all Communist Deputies were excluded from the Sobranie on April 12. But this has stimulated rather than checked propagandist activities among the impoverished and illiterate peasantry. The Internal Revolutionary Macedonian Organization, led by Vatcho Michailov, has started a new war on the opposing group of Protogerovists, and is reported also to be planning a renewed Comitadji campaign against Serbian Macedonia.

Moreover, the financial situation is precarious. Notwithstanding drastic reductions of expenditures, national and local deficits continue to mount. On May 8, the Finance Minister announced that permission had been secured at Geneva to issue bonds for 900,000,000 leva, of which one-third would be taken by the National Bank. [At par the leva is worth about .7 cents.] The pay of State employes, pensioners and government contractors is in arrears.

ALBANIAN INDEPENDENCE

The wish may be father to the thought, but it is reported from Scutari, by way of Belgrade, that Albania's connections with Italy are in a fair way to be liquidated. Having closed the country's Italian Catholic schools, King Zog's government has suffered a reduction of 700,000 gold francs in its annual subvention from Rome. In addition, negotiations for the regulation of the Albanian debt to Italy are said to have broken down. Other reports maintain that all Italian officials attached to the Albanian administration will presently be superseded by Albanians.

Anglo-Scandinavian Trade Pacts

By SIDNEY HERTZBERG

THE conclusion on May 15 of trade agreements with Great Britain by Sweden and Norway, preceded three weeks before by the signing of the Anglo-Danish trade pact, details of which were set forth here last month, means that Scandinavia's most important foreign market is stabilized, at least for the three years during which the treaties will be in force. Scandinavian farmers and business men who feared a serious curtailment of their markets after the British Imperial Conference at Ottawa can now breathe more easily.

The essence of the new agreements is that Sweden and Norway are sure of their British market. The obligation they assume in return for this security is an increase in their purchases of British coal. Premier Mo-winckel, in submitting the treaty to the Storting, pointed out that Norway was insured against tariff increases on nine-tenths of the goods she exports to Great Britain. In a similar vein, the *Svenska Dagbladet* of Stockholm says: "The chief value of the new agreement lies in the fact that it appears to guarantee normal and relatively undisturbed trade between the two countries."

Under the new treaties, Sweden must buy not less than 47 per cent of her coal imports from Great Britain and Norway not less than 70 per cent. In computing the total amount of coal imported by Norway, the output of the Norwegian-owned mines in Spitsbergen is not to be included. Compared with 1931, the increase in British coal exports to Sweden will be

1,046,000 tons and to Norway, 538,000 tons.

The rest of the commitments on the Scandinavian side are in the form of tariff concessions on such products as wool and cotton textiles, automobiles, motorcycles and shoes. Norway agrees to reduce existing duties on twenty-four items, not to increase rates on eleven items and to abolish duties on twenty-three items. Sweden promises free entry for thirteen items on its schedule, reduced duties on thirty-six items and no increases on fifty-seven items.

Great Britain agrees to keep newsprint, wooden pit props and wood pulp on her free list and to add to the list telegraph poles which now pay a 10 per cent duty. The tariff on certain kinds of writing and wrapping paper is reduced from 25 to 16 2-3 per cent. A reduction from 33 1-3 to 20 or 25 per cent is made on types of steel in which Sweden is specially interested.

Swedish butter, bacon, ham and eggs are assured an "equitable" share of the British foreign imports of these products. Sweden's part of fish imports, the duty on which remains at 10 per cent, is not less than 43,000 hundredweight annually, exclusive of fresh water fish and eels. The minimum yearly allocation to Norway is 500,000 hundredweight of fresh herrings and 240,000 hundredweight of white fish—a cut of 10 per cent in the average imports for the past three years. The British duty on cod-liver oil will not exceed 10 per cent, but this clause will cease to be binding if the

Ottawa agreements with Newfoundland come into force. If the British Government can induce South Africa to reduce the duty on whale oil, Norway will in return make concessions to such colonial products as tea, lime-juice and spices.

A trade agreement between Iceland and Great Britain was signed in London on May 19, 1933, and unanimously adopted by the Icelandic Parliament five days later. By its terms, Iceland is to buy at least 77 per cent of her coal imports from Great Britain without increasing the present duty. Iceland also grants reduced rates for a number of products which Great Britain is anxious to sell. Great Britain promises not to raise the existing tariff on fresh or salted fish and promises to buy not less than 354,000 hundredweight a year from Iceland. She also undertakes to give equitable treatment to Icelandic exports of chilled mutton and lamb.

Negotiations for a new trade agreement between Finland and Great Britain were begun in London on May 23. British cultivation of her northern market is incessant. Under the patronage of the President of Finland and the Prince of Wales, a "British Shopping Week" will be held in Helsingfors from Sept. 4 to 11. In Stockholm, plans are being completed for the establishment of a British Chamber of Commerce. Scotch manufacturers propose to send a trade mission ship, containing exhibits of their products, to Scandinavia during the Summer.

SWEDISH AFFAIRS

On May 21, Stockholm witnessed one of the most extraordinary demonstrations in the history of Sweden when approximately 45,000 persons paraded through the streets in protest against Communist infractions of law and order and, indirectly, the laxity of the Social-Democrats in dealing with

them. The marchers were led by Admiral S. A. A. Lindman, 71-year-old Conservative statesman, who told them that "the Communist weed must be torn up by the roots wherever it appears."

The exact significance of this demonstration is not clear. It was not a Fascist parade; its leaders were not Fascists and there is no reason to believe that there were many more Fascists among the marchers than the inconsequential handful in Sweden who openly call themselves by that name. On the other hand, the purely Conservative elements in Sweden are not given to parading. In order to have brought them out in such numbers, resentment against Communist activities, which, after all, is one of the emotional touchstones of fascism, must have been pretty deep. On May 15 the Cabinet had introduced a bill authorizing it to prohibit the wearing of political uniforms or badges on the sleeve whenever such action should be deemed necessary for the preservation of order.

King Gustaf V was to celebrate his seventy-fifth birthday on June 16. Ordinarily such an anniversary would be elaborately celebrated. But the King asked that no special notice be taken of the day because of the depression and because he felt that the impressive tributes paid to him on his seventieth birthday need not be repeated. Despite his age, the King retains his agility of mind and body. He is a popular and a happy monarch. Informal photos of him in tennis costume are familiar to newspaper readers throughout the world. In recent years Crown Prince Gustaf Adolf, who is now 50 years old, has frequently acted as regent for his father.

DENMARK'S NEW BANKING LAW

The creation of a Danish crisis fund to bring about greater liquidity of

credit was provided for in a new banking law enacted by the Riksdag late in April. The fund is expected to amount to more than \$40,000,000. It will be obtained by the issuance of Treasury bills to be discounted by the National Bank. The money is to be administered by a committee of five, who will be directly responsible to the Ministers of Commerce, Finance and Interior. Thus, an entirely new national credit institution, in no way responsible to the National Bank, is to be superimposed on the country's regular financial structure.

The objects of the fund are to grant advances to agricultural credit institutions whose debtors, in accordance with the moratorium law, do not meet interest and sinking fund payments; to make advances to needy banks for a period of five years; to make advances to business enterprises whose liquidity may be endangered by the moratorium law; to guarantee bank losses on loans made to new or existing businesses; to finance building to the point where ordinary mortgage arrangements can be made, and to buy bonds secured on real estate.

Another provision of the bill fixes the interest rate on bank deposits at 3 per cent for three months' notice and $3\frac{1}{2}$ per cent for six months' notice. At the same time, all banks must reduce interest on advances by at least the same amount as their deposit rates are cut. The reduction of the National Bank's rediscount rate from $3\frac{1}{2}$ to 3 per cent on June 1 brought a favorable reaction on the stock and bond market.

Mrs. Ruth Bryan Owen, the new American Minister to Denmark and the first woman diplomat accredited to Copenhagen, was received by King Christian on May 29. Unusual demonstrations of friendliness greeted her on her arrival. The Danes, recalling

Mrs. Owen's father, William Jennings Bryan, decided that the new Minister's policies as well as her personality were highly acceptable to them.

FINNISH SEAMEN'S STRIKE

Up to the beginning of June no progress had been made in the settlement of the strike of Finnish seamen which began in the middle of April. The seamen, who are demanding higher wages, have obtained the active support of the Transport and General Workers' Union and the National Union of Railwaymen in Great Britain. On May 24 the British unions donated £500 to the Finnish strikers and decided not to handle cargoes arriving in Finnish ships if the strike were not settled within three weeks. Swedish and Norwegian transport workers were reported at the same time to have begun a boycott on Finnish vessels. Finnish shipowners were trying to break the strike by employing non-union labor.

A NAZI IN SCANDINAVIA

A "good-will" tour of the Northern countries undertaken during May by Alexander Bogs, head of the Scandinavian section of the Nazi press department, seems to have had the effect of solidifying the feeling against the Nazis in that part of Europe. Herr Bogs began his misadventures in Copenhagen where he excluded from a press conference the representative of the *Göteborgs Handels-och Sjöfartstidning*, a widely respected liberal newspaper, on the ground that the paper "had insulted Herr Hitler." This incident and Herr Bogs's criticisms of the local press astonished and outraged Scandinavian opinion. Official circles, not knowing when the "good-will" envoy was acting officially and when he was not, were considerably saddened by Herr Bogs's exploits.

Russia in World Politics

By EDGAR S. FURNISS

Dean of the Graduate School, Yale University

THE peculiar position of the Soviet Union in world affairs has been accentuated by the recent efforts of the United States and other countries to bring about international agreements in the interests of peace and economic stability. Obviously, the disarmament and economic conferences cannot hope to reach permanent and significant results if a power as great as the Soviet Union is disregarded in the discussion of these problems. America's refusal so far to enter into diplomatic relations with Russia, the hostile attitude of governments which have formally recognized her, and her exclusion from existing international organizations are impediments which the nations have been obliged to ignore when attempting to grapple in a realistic fashion with world problems. Two recent events have shown this to be true. President Roosevelt's dramatic message on May 16 to the peoples of the world was sent directly to the Soviet Government, although its existence is not officially acknowledged by Washington. And the call for the World Economic Conference, in which the United States is the moving spirit, also included an invitation to the Soviet Union.

The sending of President Roosevelt's message to the Soviet Union at once aroused discussion as to whether it did not in fact constitute recognition. That the Soviet authorities so interpreted the message was implicit in the cordial reply, which contained the words: "The Union has concluded non-aggression pacts with most of the

countries with which it is in official relations and can, therefore, only welcome your proposal for the conclusion of a pact of non-aggression." The American Government hastened to make clear that Russia, had been addressed as a member of the disarmament and economic conferences, and that there had been no thought of according recognition. Subsequently the Kremlin announced that the exchange of notes had not altered the official relations of the two countries. The incident, nevertheless, has strengthened the movement for recognition by emphasizing the awkwardness of the present situation, in which self-interest forces the United States to deal with Russia. The Soviet press seized the opportunity to present anew its arguments for a change in American policy, holding out the inducement of increased trade as well as the promise of Russian support for the American disarmament program. In the United States, also, the friends of Soviet recognition took advantage of the occasion to bring increased pressure upon Congress.

The inclusion of the Soviet Government in the World Economic Conference emphasizes still more strikingly the conflict between theory and fact in Soviet international relations. Great Britain and Russia have become involved in a bitter trade war, the aftermath of the recent Soviet trial of the British engineers. A British embargo on Russian products excludes two-thirds of the Soviet imports, which last year totaled £20,-

000,000. At the moment two of the principal items of the trade, fur and flax, are exempted from the embargo; and the British have not yet decided to admit Russian timber when warm weather permits shipments from the White Sea ports. But the importation of oil and many other Soviet articles of commerce has ceased entirely.

On the other hand, Russia has stopped purchases from the British heavy-metal industries, except to complete orders previously placed. As Russia has been virtually the only foreign buyer of British iron and steel products during the depression, the loss of that market is a serious blow. Diplomatic relations between the two countries, though still maintained, are scarcely more than an empty form, since no effort is being made by either government to negotiate a settlement of the trade war. The two British engineers, Thornton and MacDonald, whose imprisonment precipitated the conflict, are still in jail in Moscow, and Great Britain has made no attempt to obtain their release. The Soviet Union, for its part, seemingly content to leave affairs as they are, proposes to transfer its former trade with Great Britain to the United States in exchange for recognition.

Beneath these specific anomalies in Russia's foreign relations one detects a fundamental antithesis between the Communist theory of internationalism and Soviet Government policy in world affairs. This policy implies that peace can be secured by international agreement, that disarmament programs and non-aggression pacts can prevent warfare despite the most complete incompatibility of the Soviet and other social and political systems. Stalin expressed this point of view when he declared that both the capitalist and the So-

cialist State could work out their destinies in the modern world without conflicting with each other. Moreover, the Soviet Government has demonstrated its desire to establish official relations with other nations upon this principle. The Soviet Union is a party to the Kellogg peace treaty, and has concluded a network of similar treaties with many individual States that are violently opposed to the theory and practice of communism. The Soviet delegates at the Geneva conferences have stood consistently for complete disarmament, and the Soviet answer to President Roosevelt's message not only voiced cordial approval of the principle of peace by agreement but accepted without reservation the four-point program laid down by the President. On the face of the record it must be admitted that the Soviet Union, of all the nations, has played the leading rôle as an active agent of peace.

Communist doctrine, on the other hand, takes an opposite view of the relationship of States. It holds that warfare is inevitable both among the capitalist States themselves and between the capitalist States as a group and the Soviet Union. While the Russian Government is engaged in concluding permanent peace agreements with other governments, its officials are arousing the nation to the belief that it is under continuous danger of attack and that war is inescapable. The Communist party in both its adult and youth branches trains its membership in this belief; the press carries the same message to the people at large; the great figures of the government keep the war spirit alive by fiery oratory. This year's celebration of May Day illustrated these activities. The ceremonies in Moscow were in charge of the military and consisted of an impressive display of

Soviet war power before a million or more of Russia's workers who joined in the parade and listened to speeches on the inevitability of war.

The Red Army has been mobilized on a war footing for many months. The rôle it plays in shaping the international outlook of the Russian people cannot be understood apart from the personality of Klimenti Voroshilov, its commander-in-chief. During his seven and a half years as War Commissar, he has not only constructed one of the most powerful of modern war machines, completely modernized in technique and dependent for supplies only on the resources of the country, but he has turned this vast organization into a propagandist agency of incalculable influence, indoctrinating the youth of Russia in the political and economic creed of communism. Voroshilov is himself an indefatigable prophet of the inevitability and the imminence of war both in his addresses to the army and in his speeches to the country at large. Under his leadership the Red Army spreads this gospel to all corners of the country.

For the purposes of military preparedness, the Soviet Government has, by a decree of April 29, extended its new restrictive passport system by establishing a sixty-mile strategic area along the entire western border of the Soviet Union and in certain designated regions on the eastern frontier. The populations of these areas, totaling some 20,000,000, are to be subjected to individual examination of their loyalty to the Soviet Government and their acceptance of the Communist creed. The so-called "passport"—in reality a permit of residence—will be issued only to those who are above suspicion. All others must vacate their homes and seek a livelihood and a home elsewhere. The passport system,

when announced some months ago, was applied only to the three principal cities—Moscow, Leningrad and Khar'kov—and was intended primarily to end the migration of the peasants. In its new form the policy has been given a different significance.

The same decree warned the Communist party that a "purging campaign" was to be launched on June 1 to complete the partial purifying process begun in January. The earlier inquisition was intended to strengthen the agrarian program by expelling criminal and disloyal elements from positions of authority in the collectives. The new *chistka* was planned as a far more comprehensive affair, reaching every individual in the party from the highest official to the most humble member. At present the party contains 2,000,000 members and 1,200,000 candidates. Approximately half of them have been admitted during the last two and a half years. It was now proposed to decrease the party number by nearly 1,000,000, reducing inactive members to the rank of candidate and expelling those whose failure to meet the test implied more serious faults of heresy or factionalism. Thus the program supplements the passport policy by promoting rigidly centralized control within the country and a complete unity of outlook on problems of international relations.

The upset in Europe caused by the Nazi revolution has had the immediate effect of improving Russia's relations with two of her western neighbors. The French Chamber of Deputies on May 18 approved by a large majority the much-delayed non-aggression pact between France and the Soviet Union. On many occasions France has shown her distrust of the Communists. Not only is France the headquarters of the Russian counter-revolutionaries headed by Grand Duke Cyril, self-pro-

claimed "Emperor of All the Russias," but French trade policy is inimical to Soviet interests, and French alliances with Poland and Rumania are definitely intended as barriers to the spread of communism in Europe. The action of the Chamber of Deputies, therefore, must be interpreted as a move against Germany rather than as an evidence of friendship for Russia, and so it has been construed by M. Doriot, leader of the French Communists. Of similar import is the growing cordiality of Poland's attitude toward the Soviet Union as evidenced by the public reception accorded Owsiejenko, the Soviet envoy, by Marshal Pilsudski on May 1, and the participation of a special mission of high Polish officials in Moscow's May Day celebration.

The critical situation on the Soviet Union's Far Eastern frontier has been

greatly relieved by Russia's offer to sell her interests in the Chinese Eastern Railway to Japan. (See Professor Dennett's article on pages 508-512.) Russia's willingness to give up the Chinese Eastern has implications more important than the immediate issues involved. It acknowledges the success of Japanese policy on the continent of Asia and is tantamount to a surrender of Vladivostok and the Soviet Maritime Province as points of strategic value. To hold Vladivostok against the Japanese the Soviet Union must maintain control of the Chinese Eastern, as otherwise the roundabout route of the Transsiberian is too vulnerable to be defended. If Russia relinquishes her interests in Manchukuo, she will withdraw her effective eastern frontier to Transbaikalia and thus remove her influence as a factor in Japan's Asiatic policy.

State Planning in Turkey

By ROBERT L. BAKER

SINCE the establishment of the Turkish Republic nearly ten years ago many notable steps have been taken by Mustapha Kemal and the government dominated by him to modernize the economic life of Turkey. Railroads and highways have been built, a strong central banking organization has been established, budgets have been balanced and a perennially unfavorable balance of trade has been corrected by means of a strict quota system. These are only a few of the successful measures that have been adopted. But the Turks are impatient and wish to exploit their resources at a more rapid rate. The great obstacle, however, has been a lack of capital.

Economically backward countries have in the past found capital for internal development abroad. In their formative years, for example, Canada, the United States, Czarist Russia, China, the South American countries, Australia and New Zealand followed this course. But there is in Turkey, and in Persia and Saudi Arabia as well, a deep-rooted fear of foreign economic imperialism, a fear of prejudicing her complete independence. This feeling has prevented Turkey from seeking or accepting large-scale foreign investments. She prefers, as she sees it, to possess her own soul, even though her ambitious plans for economic development must be brought

to fruition at a more leisurely pace.

In the hope of making faster progress by utilizing her own resources the Turkish Government has determined upon a thorough economic reorganization under the supervision of foreign experts. It was a foregone conclusion that they were to be Americans, not only because of their detachment regarding Near Eastern politics but also because the Turks admire American methods. Upon the advice of the American State Department, Walker D. Hines, former Director General of the United States railroads, was chosen to head the group of experts. After the war Mr. Hines acted as arbitrator on questions of river shipping in Europe and investigated the international problems of navigation on the Rhine and Danube for the League of Nations. Several other experts have already been engaged. Charles E. Bell, who was Transportation Director of the United States Food Administration during the war, will serve as railway adviser to the Turkish Government. Matthew Van Sicklen, formerly head of the Division of Mining Research in the Bureau of Mines, is to supervise the exploitation of the gold resources of Turkey, and Sidney Paige, formerly of the United States Geological Survey, will serve as general mining adviser. Robert H. Vorfeld, at one time with the United States Tariff Commission, is already in Turkey reorganizing the customs administration. Wallace Clark, formerly with the Shipping Board and later a member of the Kemmerer Financial Mission to Poland, is likewise at work reorganizing the Turkish State tobacco, alcohol and salt monopolies. Another American, S. P. Clark, has served the Turkish Government for some time as an agricultural expert, especially in the development of cotton growing. Major

Brehon B. Somervell of the United States Army Engineers, has been selected as special assistant to Mr. Hines, and several members of the latter's law firm are also to aid him.

With the assistance of his personal staff and the other experts, Mr. Hines is to make a general economic survey of Turkey's resources and to recommend a program for their development. The execution of this program will be supervised by permanent economic, industrial and commercial advisers, who are to be appointed after the Turkish officials have consulted with Mr. Hines. As soon as his survey has been completed the work of all the American technicians will be coordinated under the direction of the permanent economic adviser, who is to hold the post of Under-Secretary in the Department of National Economy.

It is expected that as a result of this far-reaching inventory and analysis many unprofitable enterprises will be discontinued and more promising industries established; that Turkish products will be standardized so that they may be better able to compete in foreign markets; that labor problems will be adjusted, and that all the elements of Turkey's economic life will be modernized and coordinated.

Early in May a group of Turkish Ministers visited Athens to discuss a renewal of the Greco-Turkish commercial treaty of 1930, and on May 9 an agreement was reached between Foreign Minister Maximos and Tewfik Rushdi Bey. The next day an all-party conference approved the pact, which was then formally initialed. It will be signed at Angora in September. The new arrangement is to last for only six months, but is renewable by an exchange of letters. It includes a concession to Greece which will permit a considerable increase in the amount of Greek imports into Turkey. By an-

other provision the application of the recent Turkish law prohibiting certain occupations to foreigners was postponed for one year in the case of Greek nationals. In addition to this commercial pact, the Turkish and Greek Governments have for some time been considering a political and military treaty, but its nature has not been divulged.

The fearlessness of the Angora Government in dealing with religious matters has been often demonstrated. In April a new reform was decided upon in connection with the training of students for the Moslem clergy. This will involve the reorganization of the theological faculty of the University of Istanbul. Hereafter the course of studies will include comparative religion and non-Islamic philosophy. Although many ambitious theological students will continue to go to Al-Azhar in Cairo for the traditional training, the reform should in time have an influence in lessening the dogmatism of the Moslem preachers in Turkey.

The government's vigilance in keeping the clergy from meddling in politics was illustrated during the last fast of Ramadan, when inspectors were present in the mosques to make sure that the preachers did not indulge in digressions on forbidden topics. Though much has been done by law to restrict the clergy and to eliminate Arabic elements and superstitions from Turkish Islam, the government has shown concern lest its reforms be carried too far. It has no intention of making religion the butt of levity and has required the members of the Moslem clergy to wear a severe black costume and to maintain a dignified demeanor on all occasions. They may not, for example, carry sacks, large baskets or gasoline cans (universally used in Turkey for buckets),

and they are forbidden to assume undignified postures.

When twenty-three Brusa clergymen and muezzins revolted on Feb. 4 against the use of Turkish instead of Arabic in public prayers, it was expected that they would be sentenced to death, following the precedent of the sentences meted out to the twenty-eight Turks who refused to abandon the fez in 1931. In this case, however, the court was less harsh and merely sentenced nineteen of the culprits to one or two years' imprisonment with hard labor. Four were acquitted. It should not be assumed that the Turkish Government is becoming milder in the execution of its reforms. The Brusa riot occurred before the promulgation of the decree making the use of Turkish in religious services compulsory, and the offense of the rioters was really that of disturbing the peace.

TRANSJORDAN LAND QUESTION

The question of the sale and lease of lands to Jews has for some time been of prime importance to Transjordan politics. On the one hand was the Emir Abdulla and the large landholding sheiks, who desire complete freedom in the disposition of their lands; on the other hand was the Transjordan Government, backed by the influence of the Arab Executive, which has sought to prevent sales and leases to foreigners. The government attempted to force through the Legislative Council a bill prohibiting such sales and leases, but on April 1 the measure was defeated by 13 votes to 3. The Emir Abdulla and the Transjordan sheiks know very well that they can get a good price or rental for land from the Jewish Agency for the establishment of Jewish colonies east of the Jordan, and because of this

they are not greatly impressed by racial and religious arguments.

PERSIAN OIL DETAILS

The new lease agreed upon by the Anglo-Persian Oil Company and the Persian Government on April 30 is to last for sixty years. A special clause permits the company to surrender the lease on giving two years' notice, but this is scarcely a concession in view of the enormous investment already made by the company in Persia. The sole provision of the new lease that can be considered favorable to the Anglo-Persian Oil Company is Section 14, by which Persia undertakes not to cancel the concession but to refer all difficulties to arbitration outside Persia.

EGYPTIAN PREMIER'S ABSENCE

Premier Sidky Pasha's illness has responded so slowly to treatment that he has been obliged to leave for his cure in France without returning even temporarily to his duties. During his absence Shafik Pasha continues to act as Prime Minister. While Sidky is in France he is expected to take some part in the negotiations regarding the Egyptian public debt. Conservative opinion in Egypt is much concerned over the Premier's condition. If his health does not improve he will be unable to return to politics, and in that case King Fuad would have no alternative to appointing a Wafdist government.

The Egyptian Government has devised an effective but humane and somewhat playful method of keeping Opposition leaders from stirring up discontent in the provinces. Late in March Nahas Pasha, the Wafdist leader, made a trip to Upper Egypt—for his health, it was said. But it soon became clear that he had gone there for political purposes. At Aswan,

Luxor and Quena he made provocative speeches, and at the last two places the police were stoned by the excited crowds. At Quena, when he boarded his train to proceed to his next speaking engagement, he discovered that he was making a fast non-stop journey back to Cairo. These tactics were first employed during the election campaign two years ago to prevent the Wafdist leaders from promoting their non-cooperation plans.

IRAQ AND GREAT BRITAIN

When the new Iraqi Parliament assembled recently for its first serious session, it at once became apparent that the Opposition not only possessed a voice but would use it. Any suspicion that criticism of Great Britain would not be permitted was soon dispelled by Yasin Pasha's demand that the government amend the Anglo-Iraqi treaty and save the country from a dual administration. He also contended that Iraq's debts to Great Britain, incurred for reconstruction, were in the nature of war debts, and that Britain's liberal attitude toward such obligations should be extended to include them. Rashid Ali Bey el Gailani, the new Prime Minister, to counteract the effects of Yasin's speech, explained in broad terms the desire of the Cabinet to maintain the most cordial relations with Great Britain.

In some quarters the Iraqi Army is suspected of being so inefficient that in case of a serious Kurdish or nomadic rising King Faisal would have to appeal for British assistance. If this is true, energetic efforts are being made to correct it. The Iraqi Army is not a blind imitation of other armies, but has been created under British supervision to meet Iraq's peculiar needs. Mobility has been emphasized, especially by developing armored-car units and a specialized air force. The

latter arm, whose usefulness in nipping revolts in the bud has been amply proved by the Royal Air Force on the Indian northwestern frontier and in Iraq itself, has recently been increased. On May 5 British-trained Iraqi pilots left England with eight new twin-en-

gined planes, specially equipped for desert police duty. The machines carry three machine guns, wireless sets, cameras, emergency rations and water tanks. A Royal Air Force sergeant accompanied the squadron to Iraq as a bombing instructor.

Japan's Far Eastern Supremacy

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THOUGH defeated at Geneva, Japan, in defiance of world opinion as reflected in the Assembly of the League of Nations, has persisted in her campaign against China and at last has won a substantial victory. Not only were the Chinese forced to enter into direct negotiations with the Japanese but they were obliged on May 31 to sign a truce, with the prospect that the truce will be followed by a treaty of peace.

The victory lies not merely in the easy success of the Japanese military campaign south of the Great Wall, but much more in the fact that the negotiations were direct and unsupervised by the League. Thus Japan has maintained the theory for which she has contended from the outset—that the Manchurian incident is not a proper matter of international concern. The cardinal principle of the League of Nations has been successfully repudiated. China has learned that she must rely solely upon her own resources in any resistance she may make to Japan. Furthermore, the non-recognition doctrine, of which so much was expected, becomes immediately more difficult than ever. There is even some reason to believe, as will be indicated below, that Presi-

dent Roosevelt has already quietly revised the Far Eastern policy of the last administration and returned to the Wilson-Lansing policy which frankly recognized Japan's "special interests" in China.

Resuming their advance south of the Great Wall on April 30, the Japanese moved rapidly toward Tientsin and Peiping. Twenty-two days later General Ho Ying-ching, Nanking War Minister, issued a formal order for the evacuation by Nanking troops of Peiping. At the same time the Japanese War Office intimated that the Japanese Army would not occupy the city "unless some entirely unforeseen event forced the hand of the commander on the spot." Only twice before in nearly three centuries, in 1860 and in 1900, have alien armies been where they could enter as conquerors the capital of the Middle Kingdom. The Chinese losses in four weeks were estimated at from 15,000 to 30,000 men killed and "uncounted wounded."

The ostensible reason for the last Japanese advance, as given by Lieut. Gen. Kotaro Nakamura, was Chinese perfidy. It appears that there had been many truces with individual Chinese Generals, none of which

were kept. The Chinese War Minister issued orders to reorganize the Chinese troops and to attempt to recapture Chengteh, the Jehol capital. There were intimations from Chinese sources that Japan would press on to drive the Chinese troops south of the Yellow River if the present measures do not prove adequate. The pattern of this most recent Japanese operation is similar to the others since September, 1931; in Tokyo the official spokesmen gave out statements to allay the fears of foreign interests in China, while the army in the field proved to be "out of control." Yet it is of some significance that the Japanese troops avoided Tientsin, the northern centre of foreign interests in China.

For many weeks North China has been in political chaos. The Nanking Government had about 50,000 troops there; while the restless, disgusted Northern armies, unpaid and rebellious in their attitude toward Nanking, numbered at least 200,000. An American correspondent reported that in all North China the Nanking Government did not have a single potent representative. It is notable that, whereas the initial advances into Manchuria eighteen months ago elicited many protests and warnings from Geneva, Washington and other capitals, the recent military movements of the Japanese have met with no similar expressions of foreign displeasure. Either Western public opinion has now become dulled to Japanese imperialism or it has become so discouraged about China as to feel that nothing can be done. Even more significant was the fact that the Japanese advance coincided, in time, with the journey of Viscount Ishii to Washington to confer with President Roosevelt. Obviously the Japanese Government does not stand in very great

fear of American official displeasure.

Dr. T. V. Soong, fresh from conversations in Washington, vigorously denied before the China Society in New York on May 22 that China is in chaos. But no one has more cogently stated the cause of the Chinese military collapse than did Dr. Soong before he left China. He was reported in the *London Times* to have said:

"On the one hand, there was the highly mechanized Japanese Army with a railway system at its back and plentifully supplied with ammunition and foodstuffs, with a transport system worked out to the last detail, for months preparing for the thrust that employed squadrons of airplanes, tanks, armored cars, mountain guns and highly mobile cavalry. On the other hand, I saw an army [the Chinese] with no staff work, with the Generals staying hundreds of miles behind, with no transport, except of the most primitive sort which took several weeks to supply the front, no liaison between the different commands, no anti-aircraft guns and trenching materials or artillery, and soldiers trained only in drill-ground rudiments."

As a forecast of the approaching peace negotiations, it was reported from Tientsin on May 27 that there was about to be organized a Peiping Political Council with administrative authority over an undefined area in North China and selected for its moderate or pro-Japanese views. The Japanese at once ceased fighting. Formal negotiations between the Chinese and Japanese at Tangku, below Tientsin, opened on May 30, and the next day the terms of the truce were announced. They were more moderate than the Chinese had been led to expect. The Chinese were to withdraw their troops south and west of a line

drawn through the towns of Yenchieng, Changping, Kaoling, Shunyi, Fungchow, Sanho, Paoti, Lintingchen, Ningho and Lutai, and the Japanese were to go back to the Great Wall. The resulting demilitarized zone from the Wall to a line roughly from Tientsin to Peiping, would be administered by Chinese friendly to Japan, and if the plan succeeded there would be the splitting off of a new Chinese State with pro-Japanese sympathies.

Will the more patriotic and belligerent Cantonese, as well as certain other rival political groups in Central and West China, accept the situation? It is difficult to imagine what they can do, nor is it clear what the effect will be upon the Nanking Government, which has thus, through its feebleness, let slip from the republic not only Manchuria but also Jehol, and now a slice of territory south of the Great Wall.

Two brigades of the famous Nineteenth Route Army and several divisions were sent by Canton on May 18 into North China, where they were regarded by Nanking not so much as a help as an embarrassment. Ten days later Feng Yu-hsiang, the so-called Christian General, from his retirement at Kalgan, north of Peiping, issued a manifesto that he would lead an army to the defense of the province of Chahar, to regain the lost territory. Chahar lies directly west of Jehol. Russian support was suspected. Feng, an accomplished conspirator, was believed to be seeking the support of various Generals and chieftains, to set up an independent government in North China. His chances of success are obviously poor, but he can easily make trouble for Chiang Kai-shek. Canton is not likely to acquiesce in the recognition of Manchukuo or the relinquishment of Jehol.

Meanwhile, the Chinese leaders are reported to be making earnest efforts to bring about a reconciliation of the more militant Generals with the terms of the truce. The National Congress of the Kuomintang is scheduled to open on July 1, but Canton has already announced a "national party congress" to meet concurrently. The "break-up" of China, prematurely announced by Lord Beresford thirty-five years ago, may be now not far off.

The moderation of the Japanese terms thus far announced may be not unrelated to the Roosevelt-Ishii conversation in Washington on May 25. Viscount Ishii came ostensibly to discuss the program for the approaching World Economic Conference; apparently political matters also were frankly faced. The official reports of the conversations in Washington revealed little, but Tokyo press comment indicates that President Roosevelt played no sour notes in the duet. Indeed, the *Nichi-Nichi* quoted the President as having said: "Although I recognize Japan's special position in Manchuria, Japan's action is generally considered a violation of treaties, or unreasonable. Japan must certainly have had proper reasons for acting as she did, but is it not a weakness on her part to allow her action to be regarded as violating treaties?" In the absence of any specific denial from Washington, and because of the similarity to the language used in the Lansing-Ishii agreement of 1917, which was abrogated when the Washington treaties were ratified in 1923, one is disposed to credit the *Nichi-Nichi* report. If it is correct, President Roosevelt has apparently set a new course for American policy in the Far East. "Special position" for Japan in the Far East has always meant in the Japanese language what the presence of the Japanese armies

in North China now means. Upon his departure for London Viscount Ishii, over the radio, declared that President Roosevelt had evinced "deep sympathy and genuine friendliness" toward Japan.

If one may judge from the Japanese intimations at the Disarmament Conference at Geneva on May 25 that she will demand a 10-10-10 naval ratio in 1935, in place of the 10-10-7 ratio agreed to at the London conference in 1930, Japan must now be feeling confident of her international position. Naotake Sato, for the Japanese delegation, threatened that Japan would not sign the disarmament treaty if it contained, as the draft now does, any reference to the 5-5-3 ratio agreed upon at Washington or to the 10-10-7 ratio of the London conference. Both expire in 1935. The Foreign Office in Tokyo confirmed Mr. Sato's stand and declared that in 1935 Japan would demand equal ratios with Great Britain and the United States, but would be willing, once "racial equality" is conceded, to reduce her fleet by agreement. Perhaps Japan hopes to accomplish parity not by building up her own fleet but by securing a pledge from the other powers to reduce theirs. Actually, Japan now has approximate parity with the United States because of the failure of the American Government to build up to the ratios already assigned. The "racial equality" issue, thus again brought forward, is a still further indication that Japan now feels that she has won her right with the Western Powers to a parity which goes far beyond naval ratios. There is more prospect now than there has been at any time in the past that the world will in the not distant future acquiesce in the "Monroe Doctrine for Asia," for which Japan has been preparing so industriously in the last twenty months.

THE OPEN DOOR IN MANCHUKUO

Before sailing from San Francisco Yosuke Matsuoka on April 12 broadcast a farewell to the American people. He listed three important signs that the American people are not concerned about the Far East: (1) The United States is planning to withdraw from the Philippines; (2) the American Navy is suffered to remain far below the treaty ratio, and (3) no one in the United States seems greatly excited about the new Japanese drive south of the Great Wall. Two weeks later, on April 25, the London *Times* printed a Tokyo dispatch saying that Tetsuzo Komai, the Japanese member of the Manchukuo Privy Council, had declared that Manchukuo, not being a party to the Nine-power treaty, could not be expected to maintain the "open door" for those States which do not extend recognition. "Manchukuo's trade door," he was reported to have said, "would not remain open to States which withheld recognition of her status." In answer to a question in the House of Commons on May 1, Stanley Baldwin, acting Prime Minister, stated that he did not credit Japan with such an intention but gave assurances that, if such a policy were adopted, Great Britain "would take any steps open" to her to defend the principle of the open door. Chuichi Ohashi, chief adviser to the Manchukuo Foreign Office, denied on May 3 that the new State would depart from the old principle. At the same time the Japanese Foreign Office, which had left Komai's statement uncontradicted for eight days, assured Ambassador Grew that the open door would be strictly maintained.

But the matter is not disposed of by the official denials. On May 1 London confirmed the report issued from Peiping that the Hongkong and Shanghai Banking Corporation and

the Jardine-Matheson Company—two of the oldest British establishments on the China coast—were closing some of their offices in Manchuria. The Peiping report alleged as a reason that Manchuria was rapidly being closed to foreign trade.

On May 7 the report came from Harbin that the Sungari Flour Mills, an American concern, had stopped selling flour because a Japanese tax inspector had been installed to check the output and collect the new Manchukuo tax. The American Consulate was also investigating a complaint that Japanese bean buyers were receiving a preferred rate on the South Manchurian Railway. Mr. Matsuoka may have estimated the American situation correctly but one must wait, before wishing to confirm his judgment, to know how America will view a closed door in Manchuria.

The Manchukuo Commissioner of Foreign Affairs visited the British Consul General at Harbin on May 11 to warn him that Lennox Simpson, the British publisher of the Harbin *Herald*, a bi-lingual Anglo-Russian daily, must leave in six days or suffer deportation. Mr. Simpson had been publishing matter favorable to Russia and unfavorable to Manchukuo. This threat, if it had been carried out, would have raised the question of extraterritoriality. Under the British treaties with China a British subject in Manchuria could be deported only upon order of the British Supreme Court in Shanghai.

CHINESE EASTERN RAILWAY

The Russo-Japanese railway dispute had reached no conclusion by the middle of May. Japan has proposed a tripartite commission of Japan, Manchukuo and the Soviet Union, to investigate and dispose of all disputes between Changchun and Moscow. It is

alleged that the Russians are willing to sell the railway for \$154,500,000 gold, but the Japanese offer only \$19,320,000. The French Ambassador in Tokyo reminded the Foreign Office that French interests subscribed 80 per cent of the original capital of the Russo-Asiatic Bank which acted as agent for the construction of the railway. On May 11 Maxim Litvinov, Soviet Commissar for Foreign Affairs, definitely confirmed the statement that Russia had offered to sell, and at the same time denied that China had any financial claim in the railway. Litvinov declared that Russia had repeatedly offered to sell the road to China, but that the latter could not afford to buy. Meanwhile, he stated, China had had nothing whatever to do with the line for eighteen months. In the last year the manager of the eastern section of the railway reports that fifty-six employes were killed, 825 wounded, 593 captured by bandits and more than 1,000 robbed, that fifty locomotives, 958 passenger cars and 835 freight cars were damaged, that the track was destroyed in fifty-two places and the telegraph line broken 775 times.

The Japanese Cabinet on May 23 approved the following procedure for the proposed purchase of the Chinese Eastern: "(1) The State of Manchukuo is to negotiate the purchase under Japan's guidance, fixing the amount and the terms of payment; (2) because of doubts concerning Russia's clear title to ownership, Manchukuo is to buy merely a transfer of the undoubted control of the railway by the Soviet; (3) Manchukuo is to purchase various mining and timber concessions held by Russia in connection with the Chinese Eastern, thus eliminating Soviet influence in North Manchuria."